

88 PAGES

THOMAS A. WILLOUGHBY, State Bar No. 137597  
 NICHOLAS L. KOHLMAYER, State Bar No. 299087  
 FELDERSTEIN FITZGERALD  
 WILLOUGHBY PASCUZZI & RIOS LLP  
 500 Capitol Mall, Suite 2250  
 Sacramento, CA 95814  
 Telephone: (916) 329-7400  
 Facsimile: (916) 329-7435  
 e-mail: [twilloughby@ffwplaw.com](mailto:twilloughby@ffwplaw.com)  
[nkohlmeyer@ffwplaw.com](mailto:nkohlmeyer@ffwplaw.com)

Attorneys for Russell Wayne Lester,  
 Debtor in Possession

UNITED STATES BANKRUPTCY COURT  
 EASTERN DISTRICT OF CALIFORNIA  
 SACRAMENTO DIVISION

In re:

RUSSELL WAYNE LESTER, an  
 individual, dba Dixon Ridge Farms,

Debtor in Possession.

CASE NO.: 20-24123-E-11

Chapter 11

DCN: FWP-30

Date: July 1, 2021

Time: 10:30 a.m.

Courtroom: 33 - Judge Ronald H. Sargis  
 501 I Street, 6<sup>th</sup> Floor  
 Sacramento, CA

**ORDER GRANTING DEBTOR IN POSSESSION'S MOTION TO MODIFY AMENDED  
 PLAN OF REORGANIZATION OF THE DEBTOR IN POSSESSION  
 (DATED MAY 18, 2021)**

The motion ("Motion") of Russell Wayne Lester, an individual, dba Dixon Ridge Farms, the debtor-in-possession in the above-referenced case (the "Debtor in Possession"), for entry of an order authorizing him to modify certain portions of the Debtor in Possession's Amended Plan (Dated May 18, 2021) [Docket No. 605] came on for hearing at the above-captioned date, time, and place. The appearances were noted on the record. The findings of fact and conclusions of law were set forth in the tentative ruling and on the record. For good cause shown,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted.
2. The Amended Plan of Reorganization of the Debtor in Possession (Dated May 18, 2021) confirmed on May 27, 2021 (Docket No. 650) as Modified July 1, 2021 (the "Second

1 Amended Plan”), a true and correct copy of which is attached hereto as Exhibit 1, and each of its  
2 provisions, is the current confirmed Chapter 11 Plan in this case as of July 1, 2021.

3 3. Any reference to the “Plan” or “Amended Plan” in any Plan Supplement  
4 Documents, as defined in the Second Amended Plan, and/or or other documents entered into by the  
5 parties as part of the implementation of this Plan either prior to or after the Effective Date shall be  
6 deemed to refer to the Second Amended Plan.

7 4. The Effective Date of the Second Amended Plan shall be July 1, 2021, at 11.59 p.m.  
8  
9

10 **Dated:** July 05, 2021

By the Court

11  
12  
13   
14 Ronald H. Sargis, Judge  
United States Bankruptcy Court

15 Approved as to Form:

16 **BRYAN CAVE LEIGHTON PAISNER LLP**

17 /s/ Jason DeJonker  
18 By: Jason DeJonker  
19 Counsel for Prudential Life Insurance  
Company

20 **KRAFT LAW**  
21

22 \_\_\_\_\_  
23 By: Doug Kraft  
Counsel for First Northern Bank of Dixon  
24  
25  
26  
27  
28

1 Amended Plan”), a true and correct copy of which is attached hereto as Exhibit 1, and each of its  
2 provisions, is the current confirmed Chapter 11 Plan in this case as of July 1, 2021.

3 3. Any reference to the “Plan” or “Amended Plan” in any Plan Supplement  
4 Documents, as defined in the Second Amended Plan, and/or or other documents entered into by the  
5 parties as part of the implementation of this Plan either prior to or after the Effective Date shall be  
6 deemed to refer to the Second Amended Plan.

7 4. The Effective Date of the Second Amended Plan shall be July 1, 2021, at 11.59 p.m.  
8  
9  
10  
11

12 Dated: \_\_\_\_\_  
13  
14

UNITED STATES BANKRUPTCY JUDGE

15 Approved as to Form:

16 **BRYAN CAVE LEIGHTON PAISNER LLP**  
17

18 By: Jason DeJonker  
19 Counsel for Prudential Life Insurance  
20 Company

21 **KRAFT LAW**  
22

23 By: Douglas H. Kraft  
24 Counsel for First Northern Bank of Dixon  
25  
26  
27  
28

# **EXHIBIT 1**

**84 PAGES**

1 THOMAS A. WILLOUGHBY, State Bar No. 137597  
2 JASON E. RIOS, State Bar No. 190086  
3 FELDERSTEIN FITZGERALD  
4 WILLOUGHBY PASCUZZI & RIOS LLP  
5 500 Capitol Mall, Suite 2250  
6 Sacramento, CA 95814  
7 Telephone: (916) 329-7400  
8 Facsimile: (916) 329-7435  
9 e-mail: [twilloughby@ffwplaw.com](mailto:twilloughby@ffwplaw.com)  
10 e-mail: [jrios@ffwplaw.com](mailto:jrios@ffwplaw.com)

11 Attorneys for Debtor in Possession

12 UNITED STATES BANKRUPTCY COURT  
13 EASTERN DISTRICT OF CALIFORNIA  
14 SACRAMENTO DIVISION  
15

16 In re:  
17 RUSSELL WAYNE LESTER, an  
18 individual, dba Dixon Ridge Farms,  
19 Debtor in Possession

20 CASE NO.: 20-24123-E-11  
21 Chapter 11  
22 FWP-14  
23  
24  
25  
26  
27  
28

**AMENDED PLAN OF REORGANIZATION OF THE DEBTOR IN POSSESSION  
(DATED MAY 18, 2021) CONFIRMED ON MAY 27, 2021 (DOCKET NO. 650)  
AS MODIFIED JULY 1, 2021**

# TABLE OF CONTENTS

1		
2	PRELIMINARY STATEMENT.....	1
3	ARTICLE I DEFINITIONS.....	2
4	ARTICLE II CLASSIFICATION OF CLAIMS AND INTERESTS.....	24
5	2.1.    Classes of Claims and Ownership Interests .....	24
6	ARTICLE III TREATMENT OF UNCLASSIFIED CLAIMS .....	25
7	3.1.    Allowance of Administrative Claims.....	25
8	3.2.    Payment of Administrative Claims .....	25
9	3.3.    Voluntarily Deferred Allowed Administrative Claims .....	26
10	3.4.    Voluntary Cap on Professional Fees .....	26
11	3.5.    FNB Super-Priority Administrative Claim .....	26
12	3.6.    Post-Petition U.S. Trustee Fees.....	27
13	3.7.    Post-Petition Tax Claims .....	27
14	3.8.    Priority Tax Claims.....	28
15	3.9.    Priority Employee Claims .....	28
16	3.10.   Priority Employee Benefit Claims .....	29
17	ARTICLE IV TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS.....	29
18	4.1.    Class 1 Impaired Prudential Secured Claim .....	29
19	4.2.    Class 2A (Impaired FNB RE Loan: Approx. \$1.4M plus post-petition	
20	interest and attorneys’ fees and costs if Allowed) .....	45
21	a.    FNB RE Loan Treatment if FNB Accepts Plan:.....	45
22	b.    FNB RE Loan Treatment if FNB Rejects Plan: .....	48
23	4.3    Class 2B (Impaired FNB HELOC Loan: Approx. Amount \$500,000 plus	
24	post-petition interest and attorneys’ fees and costs if Allowed) .....	48
25	a.    FNB HELOC Loan Treatment if FNB Accepts Plan:.....	48
26	b.    FNB HELOC Loan Treatment If FNB Rejects Plan:.....	50
27	4.4    Class 2C (Impaired FNB AG Production Loan Approx. \$2.8M plus post-	
28	petition interest and attorneys’ fees and costs if Allowed) .....	51
	a.    If FNB Accepts Plan: .....	51
	b.    FNB AG Production Loan’s Treatment if FNB Rejects Plan: .....	53
	4.5    Class 2D (Impaired FNB AG Asset Based LOC—Approx. \$5M plus post-	
	petition attorney’s fees and costs if Allowed).....	54

1	a.	If FNB Accepts Plan: .....	54
2	b.	If FNB Rejects Plan: .....	56
3	4.6	Class 3 (Impaired FMCC Loan).....	58
4	4.7	Class 4 (Impaired John Deere Loans) .....	58
5	4.8	Class 5 (Impaired Yolo County Real Property Tax Claim).....	59
6	4.9	Class 6 (Impaired Solano County Real Property Tax Claim).....	59
7	4.10	Class 7 (Impaired 2019 Grower Claims) .....	59
8	4.11	Class 8 (Impaired SBA’s EIDL Secured Claim) .....	60
9	4.12	Class 9 (Impaired Other Secured Creditors) .....	61
10	4.13	Class 10 (Impaired Convenience Class of General Unsecured Creditors) .....	61
11	4.14	Class 11 (Impaired Class of General Unsecured Creditors) .....	62
12	4.15	Class 12 (Impaired Ownership Interests).....	63
13	4.16	Cramdown.....	64
14	ARTICLE V UNIMPAIRED AND IMPAIRED CLASSES.....		64
15	ARTICLE VI MEANS FOR IMPLEMENTATION OF THE PLAN.....		64
16	6.1.	Preservation of Defenses and Retained Claims and Defenses .....	64
17	6.2.	Reorganized Debtor Powers and Duties .....	65
18	6.3.	Formation of the SPE and Transfer of Assets to the SPE.....	65
19	6.4.	Execution and Delivery of the SPE Profits and Distributions Pledge Agreement .....	66
20	6.5.	Formation and Transfer of Assets of the Lester Family Trust .....	67
21	6.6.	Power of the Reorganized Debtor to Implement Plan .....	67
22	6.7.	SPE Farming Lease(s).....	68
23	6.8.	Management of the SPE.....	68
24	6.9.	Compensation of SPE Independent Manager .....	68
25	6.10.	Reorganized Debtor Compensation .....	68
26	6.11.	Limitation of Liability.....	69
27	6.12.	Approval of Transactions Outside of the Ordinary Course .....	69
28	6.13.	Plan Default.....	69
	6.14.	Distribution Procedures.....	70
	6.15.	Resolution of Disputed Claims .....	70
	6.16.	Allocation of Distributions.....	70

1	6.17. De Minimis Distributions.....	71
2	6.18. Unclaimed Funds .....	71
3	6.19. Unclaimed Distributions .....	71
4	6.20. Post-Effective Date Reports.....	72
5	6.21. SPE Reporting Requirements.....	72
6	6.22. Post-Effective Date Employment and Compensation of Professionals .....	73
7	6.23. Jurisdictional Limitations on Claims re Plan Implementation.....	73
8	6.24. Destruction of Records.....	74
9	6.25. Final Decree .....	74
10	6.26. Post-Confirmation U.S. Trustee Fees.....	74
11	ARTICLE VII EXECUTORY CONTRACTS .....	74
12	7.1. Plan Rejection .....	74
13	7.2. Rejection .....	75
14	ARTICLE VIII EFFECTIVE DATE .....	75
15	ARTICLE IX EFFECTS OF CONFIRMATION .....	75
16	9.1. Binding Effect of Plan.....	75
17	9.2. Injunction .....	76
18	9.3. No Discharge.....	76
19	9.4. Limitation of Liability.....	76
20	ARTICLE X RETENTION OF JURISDICTION .....	77
21	ARTICLE XI MISCELLANEOUS .....	78
22	11.1 Severability of Plan Provisions .....	78
23	11.2 Governing Law.....	78
24	11.3 Plan Supplement Documents .....	78
25	11.4 Exemption from Transfer Taxes .....	79
26	11.5 Implementation .....	79
27	11.6 Waiver of Fourteen (14) Day Stay .....	80

## PRELIMINARY STATEMENT

Russell Wayne Lester, dba Dixon Ridge Farms (the Debtor in Possession<sup>1</sup>), owns and operates an organic walnut farm and processing facility in Winters, California. The Debtor in Possession owns approximately 1,400 acres in Solano and Yolo Counties. The trade wars and COVID-19 have decimated the walnut industry and precipitated the Case.

The Debtor in Possession's goal for this Case is to reorganize his business operations to respond to the current market conditions, and to sell sufficient assets to pay off secured debt so that he can restructure his business and pay all Allowed Claims as expeditiously as possible in accordance with the priority provisions of the United States Bankruptcy Code, or if applicable, California law.

With this goal in mind, the Debtor in Possession hereby proposes the following Plan of Reorganization, pursuant to Section 1121 of the Bankruptcy Code.

The Plan provides for the payment in full of all secured and unsecured creditors from sales of real property, the Conservation Easement Sale, other income or capitalization sources, and the continued operation of the Debtor in Possession's business.

A separate special purpose entity (“SPE” as defined below in Article I) will be created on or before the Plan’s Effective Date that will be owned by the Lester Family Trust. The SPE will hold title to the Gordon Ranch, Oda Ranch, MacQuiddy Ranch, Carrion Ranch, and McCune Ranch (defined below), which are described in this Plan as the SPE Designated Properties. The SPE will have the power and obligation to sell sufficient parcels of the SPE Designated Properties to provide funds to pay certain secured creditors. The unsecured creditors may also receive a beneficial interest in the profits to be paid by the SPE to the Lester Family Trust or such similar interest or benefit as will be set forth in the Plan Supplement. The Debtor in Possession’s creditors will be paid by the Reorganized Debtor over time as provided for in the Plan.

The Reorganized Debtor will execute one or more triple net farming agreements with the SPE that will allow for the reorganization and continuation of the Reorganized Debtor's business. Under the farming agreement or agreements, the Reorganized Debtor will also provide funds to

<sup>1</sup> Capitalized terms are defined in Article I of the Plan.

1 maintain and service the debt on the SPE Designated Properties.

2 All Creditors should consult the Disclosure Statement before voting to accept or reject the  
3 Plan.

4 **ARTICLE I**  
**DEFINITIONS**

5 For purposes of this Plan, all capitalized terms used herein and not otherwise defined shall  
6 have the meanings set forth below. A term not defined in the Plan but defined in the Bankruptcy  
7 Code or the Bankruptcy Rules shall have the meaning ascribed to it in the Bankruptcy Code or  
8 the Bankruptcy Rules unless the context clearly requires otherwise. The rules of construction used  
9 in Section 102 of the Bankruptcy Code shall apply to construction of this Plan.

10 1.1 **“2019 Growers”** shall mean those organic walnut growers that delivered and sold  
11 2019 walnuts to the Prepetition Debtor.

12 1.2 **“Administrative Claim”** shall mean a Claim for an expense of administration of  
13 the Estate of the Debtor in Possession arising during the period commencing on the Petition Date  
14 and ending on the Effective Date under Sections 503(b), 507(b), or 1114(e)(2) of the Bankruptcy  
15 Code and entitled to priority under Section 507(a) of the Bankruptcy Code, including, but not  
16 limited to, all fees and charges assessed against the Debtor in Possession pursuant to 28 U.S.C.  
17 §1930, and the FNB Super-Priority Administrative Claim. Except as otherwise provide in this  
18 Plan, no Claim otherwise entitled to administrative priority shall be Allowed if not timely asserted  
19 by the Administrative Claims Bar Date.

20 1.3 **“Administrative Claims Bar Date”** shall mean for Administrative Claims, except  
21 for Post-Petition Tax Claims, the first business day that is thirty (30) days after the Effective Date  
22 pursuant to which Creditors must file a noticed motion requesting payment of any Administrative  
23 Claim that arose between the Petition Date and the Effective Date for which notice shall be  
24 provided by Debtor in Possession in the notice of Effective Date.

25 1.4 **“Allowed”** shall mean, with respect to any Claim (other than an Administrative  
26 Claim):

27 (a) a Claim not subject to a later objection by the Debtor in Possession or the  
28 Reorganized Debtor that appears in the Debtor in Possession’s schedules, except a Claim that is

1 listed as disputed, contingent or unliquidated, or for which a Proof of Claim has been filed;

2 (b) a Claim for which a Proof of Claim has been timely filed as of the Bar Date  
3 or Rejection Claim Bar Date (as defined in Section 7.2 of the Plan), as applicable, and no objection  
4 thereto has been made by the Debtor in Possession or the Reorganized Debtor; or

5 (c) a Claim that has been Allowed by a Final Order of the Court.

6 1.5 **“Allowed Administrative Claim”** shall mean an Administrative Claim Allowed  
7 in a Final Order of the Court after the timely filing of a noticed motion requesting payment before  
8 the Administrative Claims Bar Date. To avoid any uncertainty, the filing of a Proof of Claim  
9 asserting an Administrative Claim will not be deemed the equivalent of the filing of a motion to  
10 approve an Administrative Claim prior to the Administrative Claims Bar Date, and the amount  
11 sought in the Proof of Claim shall be deemed to be a request for payment of a general unsecured  
12 claim. If a Proof of Claim asserting an Administrative Claim is filed, then the request in the Proof  
13 of Claim for administrative claim status will be forever disallowed.

14 1.6 **“Allowed General Unsecured Claim”** shall mean any Allowed Claim (including  
15 any Rejection Claim, as defined in Section 7.2 of the Plan) that is not an Allowed Secured Claim,  
16 Allowed Administrative Claim, or a Priority Claim.

17 1.7 **“Allowed Secured Claim”** shall mean any Allowed Claim secured by a lien,  
18 security interest, or other charges against property in which the Estate has an interest, or which is  
19 subject to setoff under Section 553 of the Bankruptcy Code, to the extent of the value, determined  
20 in accordance with Section 506(a) of the Bankruptcy Code, of the interest of the holder of such  
21 Allowed Secured Claim in the Estate’s interest in such property, or to the extent of the amount  
22 subject to any setoff, as the case may be, excluding any and all non-pecuniary loss penalty claims  
23 (and related interest) as defined in Section 726(a)(4) of the Bankruptcy Code.

24 1.8 **“Avoidance Action”** shall mean any action which is filed or may be filed pursuant  
25 to chapter 5 of the Bankruptcy Code, or any applicable state law governing fraudulent  
26 conveyances, fraudulent transfers, or preferences, whether the remedy available is an avoidance  
27 of a transfer or an obligation.

28 1.9 **“Ballot”** shall mean the voting form to be distributed with the Plan and the

1 Disclosure Statement to each holder of a Claim in Classes that are impaired under the terms of the  
2 Plan and are entitled to vote to accept or reject the Plan.

3 1.10 **“Bankruptcy Code or Code”** shall mean the Bankruptcy Reform Act of 1978, 11  
4 U.S.C. §101 et seq., as amended by the Bankruptcy Abuse Prevention and Consumer Protection  
5 Act of 2005, and as further amended from time to time. All citations in the Plan to Section numbers  
6 are to the Bankruptcy Code unless otherwise expressly indicated.

7 1.11 **“Bar Date”** shall mean, as applicable, (a) February 8, 2021, is the deadline for  
8 filing a Proof of Claim for a non-governmental unit Creditor for a Claim that arose before the  
9 Petition Date in the Chapter 11 Case (*see* Order dated December 23, 2020; Dkt. No. 314), (b)  
10 February 23, 2021, the last date for filing a Proof of Claim for a Claim that arose before the  
11 Petition Date for Governmental Units in the Chapter 11 Case, (c) the later of thirty (30) days after  
12 the Effective Date or the date on which an Order is entered approving the rejection of a specific  
13 executory contract, for the filing of a Proof of Claim for a Claim arising from the rejection of an  
14 executory contract (*see* Notice of Chapter 11 Bankruptcy Case dated September 2, 2020; Dkt. No.  
15 82).

16 1.12 **“Carrion Ranch”** shall mean the following parcel(s) of real property located in  
17 Solano County, California, identified by APN 0107-080-160-01.

18 1.13 **“Cash”** shall mean cash and cash equivalents, including but not limited to bank  
19 deposits, checks, and other similar items.

20 1.14 **“Claim”** shall mean a claim against the Debtor in Possession within the meaning of  
21 Section 101(5) of the Bankruptcy Code.

22 1.15 **“Class” or “Classes”** shall mean that creditor or group of creditors classified in  
23 Article II of this Plan.

24 1.16 **“Chapter 11 Case” or “Case”** shall mean the Chapter 11 Case commenced by  
25 Russell Wayne Lester, in the United States Bankruptcy Court for the Eastern District of California,  
26 Sacramento Division, Case Number: 20-24123-E-11, upon the filing of a voluntary petition under  
27 chapter 11 of the Bankruptcy Code on August 27, 2020.

28 1.17 **“Confirmation”** shall mean the approval of the Plan by and subject to the terms

1 of the Confirmation Order.

2 1.18 **“Confirmation Date”** shall mean May 27, 2021, the date the Confirmation Order  
3 was entered on the Court’s docket.

4 1.19 **“Confirmation Hearing”** shall mean all of the hearings held by the Court to  
5 consider Confirmation of the Plan.

6 1.20 **“Confirmation Order”** shall mean the Order Confirming Amended Plan of  
7 Reorganization of the Debtor in Possession (Dated May 18, 2021) (Dkt. 650 entered on May 27,  
8 2021) and providing for the effectuation of the transactions contemplated by this Plan in accordance  
9 with the terms and provisions hereof and thereof.

10 1.21 **“Conservation Easement”** shall mean the document creating an easement that will  
11 be recorded in Solano County that creates a restriction in favor of the Solano Land Trust to restrict  
12 the use of the Carrion Ranch and the McCune Ranch to farming purposes as described in more  
13 detail in the treatment of Prudential in Section 4.1 below.

14 1.22 **“Conservation Easement Sale”** shall mean the anticipated sale of the Conservation  
15 Easement to the Solano Land Trust for the anticipated sum of \$5.7 million, which amount may vary  
16 up or down depending on the appraised value of the Conservation Easement.

17 1.23 **“Court”** shall mean the United States Bankruptcy Court for the Eastern District of  
18 California, Sacramento Division.

19 1.24 **“Creditor”** or “Creditors” shall mean person(s) that holds or asserts a Claim or  
20 Claims in this Chapter 11 Case.

21 1.25 **“Debtor in Possession”** shall mean Russell Wayne Lester, dba Dixon Ridge Farms  
22 from the Petition Date through the Effective Date.

23 1.26 **“Disclosure Statement”** shall mean the disclosure statement that is approved by  
24 the Court pursuant to the provisions of Section 1125 of the Code, together with any supplements  
25 or amendments thereto approved by the Court to be sent to Creditors as part of the solicitation  
26 package seeking votes for acceptance of this Plan.

27 1.27 **“Disputed Claim”** shall mean any Claim or portion of a Claim as to which an  
28 objection to the allowance thereof has been interposed (whether as a separate objection to claim

1 or in connection with an adversary proceeding) as of the Effective Date or any later deadline fixed  
2 under the Plan or by order of the Court, which objection has not been withdrawn or determined  
3 by Final Order. To the extent an objection relates to the allowance of only a part of a Claim, such  
4 Claim shall be a Disputed Claim only to the extent of the objection.

5 1.28 **“Dixon Ridge Farms”** is the trademarked fictitious name used by the Prepetition  
6 Debtor and the Debtor in Possession to operate his farming and processing business, which is  
7 being reorganized in this Chapter 11 Case.

8 1.29 **“Effective Date”** shall mean July 1, 2021 at 11:59 p.m. unless the Debtor in  
9 Possession obtains approval from the Court to extend the Effective Date, for good cause shown.

10 1.30 **“Estate”** shall mean the bankruptcy estate created upon the filing of the Chapter  
11 11 Case and consisting initially of all legal or equitable interests of the Prepetition Debtor in  
12 property as of the Petition Date as defined in Section 541 of the Bankruptcy Code.

13 1.31 **“Federal Judgment Rate”** shall mean the per annum interest rate specified by 28  
14 U.S.C. § 1961.

15 1.32 **“Federal Judgment Rate as of the Petition Date”** shall mean 0.13% per annum  
16 as published in the webpage: <https://www.casb.uscourts.gov/post-judgment-interest-rates-2020>.

17 1.33 **“Final Order”** shall mean an order or judgment of the Court or other Court of  
18 competent jurisdiction which (i) has not been reversed, stayed, modified or amended, and as to  
19 which the time to or the right to appeal or seek reconsideration, review, rehearing, or certiorari  
20 has expired, there has been no stay pending appeal granted, and as to which any right to appeal,  
21 reargue, petition for a certiorari or rehearing has been waived in a manner satisfactory to the  
22 Debtor in Possession, as a result of which such order shall have become final in accordance with  
23 applicable law, (ii) if an appeal, reargument, certiorari or rehearing thereof has been sought, the  
24 order of the lower court has been affirmed by the higher court to which the order was appealed or  
25 from which the reargument or rehearing was sought or certiorari has been denied, and time to take  
26 further appeal or to seek certiorari or further reargument or rehearing has expired; or (iii) with  
27 respect to a Non-Stayed Order or Judgment, Reorganized Debtor in his sole discretion files a  
28 “Notice to Deem Non-Stayed Order or Judgment Final.”

1           1.34    **“FNB”** shall mean First Northern Bank of Dixon.

2           1.35    **“FNB Accepts Plan”** shall mean that FNB files no objection to Confirmation and  
3 FNB (1) votes to accept treatment of its claims as Classes 2A, 2B, 2C, and 2D, as applicable,  
4 and/or (2) does not oppose Plan Confirmation in any way.

5           1.36    **“FNB AG Loans”** shall mean the two loans obtained by the Debtor in Possession  
6 from FNB in 2018 and 2019, including the FNB AG Production Loan and the FNB Asset Based  
7 LOC both of which are secured by the FNB AG Loan Collateral.

8           1.37    **“FNB AG Loan Collateral”** shall mean Debtor in Possession’s inventory, chattel  
9 paper, accounts, equipment, general intangibles, crops, farm equipment, and contracts, such other  
10 personal property as described in the FNB AG Production Loan Documents and the FNB Asset  
11 Based LOC Loan Documents.

12           1.38    **“FNB Asset Based LOC”** shall mean the FNB line of credit loan made to the  
13 Prepetition Debtor secured by a security interest in the FNB AG Loan Collateral with an original  
14 principal amount of \$5,000,000 as evidenced by the FNB Asset Based LOC Claim.

15           1.39    **“FNB Asset Based LOC Claim”** shall mean the Proof of Claim filed by FNB in  
16 the Case as Claim No. 21.

17           1.40    **“FNB Asset Based LOC Loan Documents”** shall mean the loan and perfection  
18 documents executed by FNB and the Prepetition Debtor evidencing and securing the FNB Asset  
19 Based LOC.

20           1.41    **“FNB AG Production Loan”** shall mean the FNB agricultural production loan  
21 made to the Prepetition Debtor secured by a security interest in the FNB AG Loan Collateral with  
22 an original principal amount of \$2,800,000, as evidenced by the FNB AG Production Loan Claim.

23           1.42    **“FNB AG Production Loan Claim”** shall mean the Proof of Claim filed by FNB  
24 in the Case as Claim No. 20.

25           1.43    **“FNB AG Production Loan Documents”** shall mean the loan and perfection  
26 documents executed by FNB and the Prepetition Debtor evidencing and securing the FNB AG  
27 Production Loan.

28           1.44    **“FNB AG Production Loan Junior Deed of Trust”** shall mean a deed of trust in

1 FNB's standard form, encumbering the Putah Creek Ranch in third-priority position, to be  
2 executed and delivered by Reorganized Debtor and Kathleen Lester, or the Lester Family Trust,  
3 if it is the owner, and which shall secure the FNB AG Production Loan.

4 1.45 **"FNB AG Secured Claim"** shall mean the stipulated or Court determined secured  
5 portion of the FNB AG Loans as of the Petition Date.

6 1.46 **"FNB AG Unsecured Claim"** shall mean the stipulated or Court determined  
7 unsecured portion of the FNB AG Loans as of the Petition Date.

8 1.47 **"FNB Attorneys' Fees"** shall mean all attorney's fees incurred by FNB in  
9 connection with the FNB Loans and the Case from and after the Petition Date, which amount shall  
10 not exceed \$500,000 through the Effective Date; *provided, however* that in the event that the  
11 Effective Date is extended or otherwise occurs on a date beyond July 1, 2021, then this amount  
12 may be adjusted upward.

13 1.48 **"FNB Attorneys' Fees and Costs"** shall mean collectively, the FNB Attorneys'  
14 Fees and the FNB Costs, which amount shall not exceed \$500,000 through the Effective Date.

15 1.49 **"FNB Costs"** means all costs incurred by FNB in connection with the FNB Loans  
16 and the Case from and after the Petition Date through the Effective Date including, without  
17 limitation, appraisal fees and consultant fees;

18 1.50 **"FNB HELOC Loan"** shall mean the home equity line of credit loan made to the  
19 Prepetition Debtor and Kathleen Lester secured by a second trust deed on Putah Creek Ranch with  
20 the current approximate amount due of \$500,000, as evidenced by the FNB HELOC Loan Claim.

21 1.51 **"FNB HELOC Loan Claim"** shall mean the Proof of Claim filed by FNB in the  
22 Case as Claim No. 19.

23 1.52 **"FNB HELOC Loan Documents"** shall mean the loan and perfection documents  
24 executed by FNB and the Prepetition Debtor and Kathleen Lester evidencing and securing the  
25 FNB HELOC Loan.

26 1.53 **"FNB Loan Documents"** means, collectively, the FNB Asset Based LOC Loan  
27 Documents, the FNB AG Production Loan Documents, the FNB HELOC Loan Documents, and  
28 the FNB RE Loan Documents, as modified by this Plan.

1           1.54    **“FNB Loans”** shall mean collectively, the FNB RE Loan, the FNB HELOC Loan,  
2   the FNB AG Production Loan, and the FNB Asset Based LOC, each an **“FNB Loan”**.

3           1.55    **“FNB Material Default”** shall mean a Post-Effective Date FNB Payment Default,  
4   Post-Effective Date FNB Material Non-Payment Default, or Post-Effective Date FNB Material  
5   Plan Default.

6           1.56    **“FNB Material Non-Payment Default”** shall mean a Post-Effective Date FNB  
7   Non-Payment Default that has been determined by the Court to be an FNB Non-Payment Default  
8   that materially impairs FNB’s collateral or that materially impairs the prospects of payment or  
9   performance owed to FNB under the Plan. The Post-Effective Date use and/or depletion of the  
10   Reorganized Debtor’s inventory, crops, accounts receivable and FNB’s Cash Collateral shall not  
11   constitute or create any form of default under the Plan or any of the FNB Loan Documents. Failure  
12   of the Reorganized Debtor to meet any of his financial projections set forth in the Three-Year Plan  
13   Proforma attached as Exhibit 7 to the Exhibit Document to the Corrected Disclosure Statement  
14   (Docket No. 584) shall not constitute an FNB Material Non-Payment Default.

15          1.57    **“FNB Material Plan Default”** shall mean a Post-Effective Date Plan Default that  
16   has been determined by the Court to be a Plan Default that materially impairs FNB’s collateral or  
17   that materially impairs the prospects of payment or performance owed to FNB under the Plan.  
18   The Post-Effective Date use and/or depletion of the Reorganized Debtor’s inventory, crops,  
19   accounts receivable and FNB’s Cash Collateral shall not constitute or create any form of default  
20   under the Plan or any of the FNB Loan Documents. Failure of the Reorganized Debtor to meet  
21   any of his financial projections set forth in the Three-Year Plan Proforma attached as Exhibit 7 to  
22   the Exhibit Document to the Corrected Disclosure Statement (Docket No. 584) shall not constitute  
23   an FNB Material Plan Default.

24          1.58    **“FNB Non-Payment Default”** means a Post-Effective Date default under any of  
25   the FNB Loan Documents other than an FNB Payment Default. The Post-Effective Date use  
26   and/or depletion of the Reorganized Debtor’s inventory, crops, accounts receivable and FNB’s  
27   Cash Collateral shall not constitute or create any form of default under the Plan or any of the FNB  
28   Loan Documents. Failure of the Reorganized Debtor to meet any of his financial projections set

1 forth in the Three-Year Plan Proforma attached as Exhibit 7 to the Exhibit Document to the  
2 Corrected Disclosure Statement (Docket No. 584) shall not constitute an FNB Non-Payment  
3 Default.

4 1.59 **“FNB Payment Default”** shall mean a Post-Effective Date failure of the  
5 Reorganized Debtor to make a monetary payment due FNB in Classes 2A, 2B, 2C and/or 2D,  
6 which monetary default is not cured within the applicable provisions of Section 6.13 of the Plan.

7 1.60 **“FNB Pro Rated Attorneys’ Fees and Costs”** shall mean the total of FNB  
8 Attorneys’ Fees and Cost allocated to each FNB Loan according to the percentage of the principal  
9 balance of each FNB Loan to the total of the principal balances of all of the FNB Loans.

10 1.61 **“FNB RE Loan”** shall mean the FNB loan made to the Prepetition Debtor and  
11 Kathleen Lester secured by a first trust deed on the Putah Creek Ranch as evidenced by the FNB  
12 RE Loan Claim.

13 1.62 **“FNB RE Loan Claim”** shall mean the Proof of Claim filed by FNB in the Case  
14 as Claim No. 18.

15 1.63 **“FNB RE Loan Documents”** shall mean the loan and perfection documents  
16 executed by FNB and the Prepetition Debtor and Kathleen Lester evidencing and securing the  
17 FNB RE Loan.

18 1.64 **“FNB Rejects Plan”** shall mean that FNB (1) files an objection to Confirmation  
19 and/or votes to reject treatment of its claims as Classes 2A, 2B, 2C, and 2D, as applicable, and/or  
20 (2) opposes Confirmation of the Plan in any way.

21 1.65 **“FNB Reserve”** shall mean an amount equal to the funds received from the PPP2  
22 Loan, and/or SPE Sale Excess Proceeds to which FNB becomes entitled, which funds may be set  
23 aside and reserved for payments to be made under the FNB Loans, pursuant to the Plan.

24 1.66 **“FNB Reserve Account”** shall mean a deposit account to be maintained at FNB  
25 into which the funds representing the FNB Reserve shall be deposited.

26 1.67 **“FNB State Court Action”** shall mean the lawsuit filed by FNB prior to the  
27 Petition Date against the Prepetition Debtor and Kathleen Lester in Solano County Superior Court  
28 as Case No. FCS 054698.

1           1.68    **“FNB Super-Priority Administrative Claim”** shall mean the Allowed super-  
2 priority administrative claim under Sections 503(b)(1), 507(a), and 507(b) of the Bankruptcy Code  
3 as provided in Section 3.5 of this Plan.

4           1.69    **“FMCC”** shall mean FMCC Motor Credit Company, LLC.

5           1.70    **“FMCC Vehicle Loan”** shall mean the loan(s) by FMCC secured by the Ford F-  
6 250 truck owned by the Debtor in Possession with a balance due in the amount of \$21,203.49 as  
7 set forth in FMCC’s Proof of Claim, Claim No. 9, plus FMCC’s Missed Payments and Costs.

8           1.71    **“FMCC Loan Documents”** shall mean the loan and perfection documents  
9 executed by FMCC and the Prepetition Debtor underlying the FMCC Vehicle Loan.

10          1.72    **“FMCC Missed Payments and Costs”** shall mean the total Allowed amount of  
11 the missed payments and attorneys’ fees and costs accrued and unpaid under the terms of the  
12 FMCC Loan Documents as of the Effective Date.

13          1.73    **“General Unsecured Claim”** shall mean any Claim that is neither secured nor  
14 entitled to priority or administrative status under Section 507 or Section 503 of the Bankruptcy  
15 Code, respectively.

16          1.74    **“General Unsecured Creditor” or “GUC”** shall mean a holder of a General  
17 Unsecured Claim.

18          1.75    **“Gordon Ranch”** shall mean the approximately 70.3 acres of real property located  
19 in Yolo County, south of Madison, County Road 89, identified by APNs 050-100-015-000 and  
20 050-100-032-000.

21          1.76    **“John Deere”** shall mean Deere & Company and John Deere Construction and  
22 Forestry Company, Deere Credit, Inc., and/or John Deere Financial, f.s.b.

23          1.77    **“John Deere Loan Documents”** shall mean all the documents underlying the John  
24 Deere Secured Claim in this Case as described in and attached to the three Proofs of Claim filed  
25 by John Deere, Claim Numbers: 11, 12, and 13.

26          1.78    **“John Deere Missed Payments and Costs”** shall mean the total Allowed amount  
27 of the missed payments and attorneys’ fees and costs accrued and unpaid under the terms of the  
28 John Deere Loan Documents as of the Effective Date.

1           1.79    **“John Deere Secured Claim”** shall mean the Secured Claim of John Deere for  
2 three loans secured by multiple pieces of equipment owned by the Debtor in the approximate  
3 amount of \$138,000 based on the three Proofs of Claim filed by John Deere (Claims 11, 12, 13).

4           1.80    **“Kathleen Lester”** shall mean Kathleen Hamrock Lester, an individual, and the  
5 Debtor in Possession’s wife.

6           1.81    **“Lester Cross-Complaint”** shall mean the Cross-Complaint filed by Russell W.  
7 Lester and Kathleen Lester in the FNB State Court Action.

8           1.82    **“Lester Family Trust”** shall mean the bankruptcy-remote irrevocable spendthrift  
9 trust, which will be equally liable for all the obligations of the Reorganized Debtor under the Plan,  
10 and which on the Effective Date shall be vested in title as the owner of the SPE.

11           1.83    **“Lester Family Trust Documents”** shall mean all documents that form, establish,  
12 and govern the management of the Lester Family Trust. The Lester Family Trust Documents will  
13 be filed with the Plan Supplement and as may be revised prior to the Effective Date. The Lester  
14 Family Trust Documents shall include terms that make the Lester Family Trust a bankruptcy-  
15 remote irrevocable spendthrift trust. The term “Lester Family Trust Documents” shall also mean  
16 and include the SPE Profits and Distributions Pledge Agreement.

17           1.84    **“Lester Family Trust Tax Reserve”** shall mean a segregated account held and  
18 maintained by the Lester Family Trust into which the Lester Family Trust trustee shall deposit (a)  
19 any SPE Proposed Sale Properties Tax Distribution(s) and (b) the 25% distributions to the Lester  
20 Family Trust specified in Section 4.1.iv.4)f and Section 4.1.iv.5)h of this Plan.

21           1.85    **“Lien Date”** is the date that the next year’s property taxes attach to real property  
22 under California Law.

23           1.86    **“MacQuiddy Ranch”** shall mean the approximately 157 acres of real property  
24 located in Yolo County on Walnut Bayou Lane, Winters, CA, identified as APN 038-090-005-  
25 000.

26           1.87    **“McCune and Carrion Grant Deed”** shall mean one or more grant deeds, in  
27 recordable form, to be executed by the Debtor in Possession and Kathleen Lester, transferring fee  
28 title to the McCune Ranch and the Carrion Ranch to the SPE.

1           1.88    **“McCune Ranch”** shall mean the approximately 817 acres of real property located  
2 in Solano County south of the Carrion Ranch, generally identified as APNs 0107-110-020-01,  
3 0107-110-060-01.

4           1.89    **“Non-Stayed Order or Judgment”** shall mean an Order entered on the Court’s  
5 docket to which no stay pending an appeal or any motion for reconsideration, rehearing, or  
6 certiorari exists.

7           1.90    **“Oda Ranch”** shall mean the approximately 200 acres of real property located in  
8 Yolo County, identified as APNs 027-180-005-000 and 027-180-006-000.

9           1.91    **“Order”** shall mean an order, judgment, or decree of the Court as entered on its  
10 docket.

11           1.92    **“Other Secured Claims”** shall mean the Claims of any Creditor with interest or  
12 lien on any Property of the Estate (e.g., leased assets) other than the 2019 Growers, Prudential,  
13 FNB, the SBA, FMCC, or John Deere.

14           1.93    **“Other Secured Creditors”** shall mean Creditors holding Secured Claims other  
15 than the 2019 Growers, Prudential, FNB, FMCC, John Deere, Yolo County, Solano County, and  
16 the SBA.

17           1.94    **“Ownership Interest” or “Ownership Interests” or “Equity”** shall mean any  
18 type of ownership interest in the Property of the Estate, including but not limited to the Debtor in  
19 Possession’s and his non-debtor wife’s community property ownership interest in all the Property  
20 of the Estate.

21           1.95    **“Petition Date”** shall mean August 27, 2020, which is the date when the Debtor  
22 in Possession filed his Chapter 11 Case.

23           1.96    **“Plan” or “Plan of Reorganization”** shall mean this Amended Plan of  
24 Reorganization dated May 18, 2021, Confirmed on May 27, 2021 (Docket No. 650) as may be  
25 subsequently modified by order of the Court.

26           1.97    **“Plan Default”** shall mean a Plan Default as described in Section 6.13 of the Plan  
27 below, or as may be otherwise provided in the Plan. Failure of the Reorganized Debtor to meet  
28 any of his financial projections set forth in the Three-Year Plan Proforma attached as Exhibit 7 to

1 the Exhibit Document to the Corrected Disclosure Statement (Docket No. 584) shall not constitute  
2 a Plan Default. The Post-Effective Date use and/or depletion of the Reorganized Debtor's  
3 inventory, crops, accounts receivable and FNB's Cash Collateral shall not constitute or create any  
4 form of a Plan Default.

5 1.98 **"Plan Supplement"** shall mean the packet filed on June 21, 2021, which include  
6 all SPE Documents and all Lester Family Trust Documents, and the SPE Farming Lease(s) filed  
7 on June 30, 2021. The Plan Supplement documents may be amended prior to the Effective Date.

8 1.99 **"Plan Supplement Documents"** shall mean all documents attached to the Plan  
9 Supplement.

10 1.100 **"Post-Confirmation Property"** shall mean all Property of the Estate that vests in  
11 the Reorganized Debtor on the Effective Date.

12 1.101 **"Post-Effective Date"** shall mean the period after the Effective Date.

13 1.102 **"Post-Petition"** shall mean the period from the Petition Date through the Effective  
14 Date.

15 1.103 **"Post-Petition Tax Claims"** shall mean Claims against the Debtor in Possession  
16 for taxes due a government entity that arise Post-Petition.

17 1.104 **"PPP 2 Loan"** shall mean an additional loan or funding (aka as the "second draw  
18 PPP loan" that may be obtained by the Reorganized Debtor under the SBA's Payroll Protection  
19 Plan "2" as currently being offered with applications due on or before May 31, 2021.

20 1.105 **"Prepetition"** shall mean prior to the Petition Date.

21 1.106 **"Prepetition Debtor"** shall mean Russell Wayne Lester, dba Dixon Ridge Farms,  
22 prior to the Petition Date.

23 1.107 **"Priority Claim" or "Priority Claims"** shall mean an Allowed Claim entitled to  
24 priority under Section 507(a) of the Code, except Administrative Claims and Priority Tax Claims.

25 1.108 **"Priority Employee Benefit Claim"** shall mean that portion of an Allowed Claim  
26 that is unsecured and that is entitled to priority under Section 507(a)(5) of the Bankruptcy Code.

27 1.109 **"Priority Employee Claim"** shall mean that portion of an Allowed Claim that is  
28 unsecured and that is entitled to priority under Section 507(a)(4) of the Bankruptcy Code.

1           1.110 **“Priority Tax Claim”** shall mean that portion of a tax Claim, if any, entitled to  
2 priority in payment under Section 507(a)(8) of the Bankruptcy Code.

3           1.111 **“Professionals” or “Professional Persons”** shall mean professionals retained or  
4 to be compensated pursuant to Sections 327, 328, 329, 330, 503(b), or 1103 of the Bankruptcy  
5 Code.

6           1.112 **“Professional Claims”** shall mean Claims of Professionals employed by the  
7 Debtor in Possession.

8           1.113 **“Proof of Claim”** shall mean a statement under oath filed in this Case by a  
9 claimant in which the claimant sets forth the amount claimed to be owed to it and with sufficient  
10 detail to identify the basis for the Claim, in accordance with Rule 3001.

11           1.114 **“Pro Rata”** shall mean for Claims, the ratio of the amount of an Allowed Claim  
12 in a Class to the aggregate amount of all Allowed Claims, with reserves for Disputed Claims, in  
13 such Class or designated group.

14           1.115 **“Property of the Estate”** shall mean all Prepetition and Post-Petition Estate  
15 property of every kind, including all separate and community property of the Debtor in Possession  
16 whether acquired Prepetition or Post-Petition.

17           1.116 **“Prudential”** shall mean The Prudential Insurance Company of America.

18           1.117 **“Prudential Allowed Default Rate”** shall mean twelve percent (12%).

19           1.118 **“Prudential Collateral”** shall mean the Prudential Loan (1) Collateral and the  
20 Prudential Loan (2) Collateral.

21           1.119 **“Prudential Contract Interest Rates”** shall mean the non-default contract rates  
22 of interest contained for Prudential Loan (1) (5.03%) and Prudential Loan (2) (4.05%).

23           1.120 **“Prudential Cure and Paydown Requirements”** shall mean the obligation to (a)  
24 bring Prudential current on Prudential Loan (1) and Prudential Loan (2), including payment in full  
25 of Prudential’s Missed Payments and Costs; (b) pay the principal balance of Prudential Loan (1)  
26 in full, and pay all related interest, fees, and costs, including any applicable Prudential Prepayment  
27 Premium; and (c) reduce the principal balance of Prudential Loan (2) to \$6.5 million, and all  
28 related interest, fees, and costs, including any applicable Prudential Prepayment Premium.

1.121 **“Prudential Cure Date”** shall mean the date that all of Prudential’s Missed Payments and Costs are paid to Prudential, and all other payments are current per the terms of the Prudential Loan Documents and the Plan.

1.122 **“Prudential Loan (1)”** shall mean that certain Prudential loan to the Debtor in Possession in the principal amount of \$6,500,000 secured by the Prudential Loan (1) Collateral and cross-collateralized by the Prudential Loan (2) Collateral.

1.123 **“Prudential Loan (1) Collateral”** shall mean Carrion Ranch, Gordon Ranch, MacQuiddy Ranch, and Oda Ranch and related personal property assets, and cross-collateralized by the Prudential Loan (2) Collateral.

1.124 **“Prudential Loan (1) Documents”** shall mean the loan, security, and perfection documents executed by Prudential and the Debtor in Possession Prepetition evidencing or underlying the Prudential (1) Loan.

1.125 **“Prudential Loan (2)”** shall mean that certain Prudential loan to the Debtor in Possession in the principal amount of \$7,500,000 secured by the Prudential Loan (2) Collateral and cross-collateralized by the Prudential Loan (1) Collateral.

1.126 **“Prudential Loan (2) Collateral”** shall mean McCune Ranch and related personal property assets, and cross-collateralized by the Prudential Loan (1) Collateral.

1.127 **“Prudential Loan (2) Documents”** shall mean the additional loan, security, and perfection documents executed by Prudential and the Debtor in Possession Prepetition evidencing or underlying the Prudential (2) Loan.

1.128 **“Prudential Loan Documents”** shall mean the Prudential Loan (1) Documents and the Prudential Loan (2) Documents, and all other documents related to both loans collectively.

1.129 **“Prudential Loans”** shall mean Prudential Loan (1) and Prudential Loan (2).

1.130 **“Prudential Prepayment Premium”** shall mean the contractual prepayment premium set forth in the Prudential Loan Documents.

1.131 **“Prudential Reserve”** shall mean the funds contributed through either sales of SPE Designated Properties pursuant to Section 4.1.iv.5)d) of this Plan or rents payable to the SPE under the SPE Farming Lease(s) to be deposited into the Prudential Reserve Account to: (a) pay

1 the future principal and interest due to Prudential under the Prudential Loan Documents; (b) if  
2 there is no default under Section 4.1.vii, to make SPE Proposed Sale Properties Tax Distributions  
3 to the Lester Family Trust up to but not exceeding maximum amount of \$320,000 contributed  
4 pursuant to Section 4.1.iv.5d); and (c) pay the SPE Estimated One-Year Expenses as defined in  
5 Section 1.152 of this Plan and the retainers due the SPE Independent Manager pursuant to Section  
6 6.9 of this Plan.

7 1.132 **“Prudential Reserve Account”** shall mean a segregated deposit account owned  
8 and maintained by the SPE at a financial institution agreeable to Prudential into which the  
9 Prudential Reserve funds are deposited and in which Prudential shall have a perfected, first  
10 priority security interest.

11 1.133 **“Prudential Secured Claim”** shall mean all amounts owed to Prudential by the  
12 Debtor in Possession pursuant to or in connection with either or both of Prudential Loan (1) and  
13 Prudential Loan (2), which amount includes Prudential’s Missed Payments and Costs, all of which  
14 are secured by the Prudential Collateral.

15 1.134 **“Prudential’s Attorneys’ Fees and Costs”** shall mean the attorneys’ fees and  
16 costs incurred by Prudential protecting its interests in connection with the Prudential Loans,  
17 including in this Chapter 11 Case with respect to the Prudential Secured Claim, which amount  
18 shall not exceed \$800,000 through the Effective Date; *provided, however* that in the event that the  
19 Effective Date is extended or otherwise occurs on a date beyond July 1, 2021 then the foregoing  
20 limitation on Prudential’s Attorneys’ Fees and Costs shall no longer apply. For the avoidance of  
21 doubt, there shall be no cap on Prudential’s Attorneys’ Fees and Costs incurred by or to be paid  
22 to Prudential (and due and owing to it under the Prudential Loan Documents) after the Effective  
23 Date (including any fees and costs related to any post-Effective Date sale of the Prudential  
24 Collateral or any post-Effective Date exercise of remedies by Prudential under the Prudential Loan  
25 Documents and as provided under this Plan).

26 1.135 **“Prudential’s Missed Payments and Costs”** shall mean unpaid interest accrued  
27 at the applicable Prudential Contract Interest Rates and/or Prudential Allowed Default Rate, as  
28 applicable, Prudential’s Attorneys’ Fees and Costs, and all other fees and costs due and unpaid

1 under the terms of the Prudential Loan Documents as of a specific date. Such amounts represent  
2 the amounts required to be paid in order to bring Prudential Loan (1) and Prudential Loan (2)  
3 current, which Prudential shall make available to the SPE or the Reorganized Debtor calculated  
4 as of a specified date certain upon at least seven (7) days' written notice.

5 1.136 **"Putah Creek Ranch"** shall mean the Debtor in Possession's real property located  
6 at 5430 Putah Creek Road, Winters, California 95694, APN 107-080-040-01, in Solano County  
7 consisting of approximately 68 acres of which the Debtor in Possession farms approximately 47  
8 acres of organic walnuts and includes the Dixon Ridge Farms headquarters, processing plant, and  
9 other outbuildings and improvements as well as the Debtor in Possession's primary residence.

10 1.137 **"Reorganized Debtor"** shall mean Russell Wayne Lester dba Dixon Ridge Farms  
11 on and after the Effective Date.

12 1.138 **"Retained Assets"** shall mean all Estate property as of the Effective Date under  
13 Sections 541 and 1115 of the Bankruptcy Code, including the SPE Designated Properties to be  
14 transferred to the SPE on or after the Effective Date.

15 1.139 **"Secured Claim"** shall mean an Allowed Claim secured by a lien, security  
16 interest, or other charges against property in which the Estate has an interest, or which is subject  
17 to setoff under Section 553 of the Bankruptcy Code, to the extent of the value, as set forth in the  
18 Plan, as determined by Final Order of the Court pursuant to Section 506(a) of the Code, or as  
19 agreed upon by such entity and the Debtor, of any duly perfected interest in Property of the Estate,  
20 validly and enforceably securing such Allowed Claim.

21 1.140 **"Sale Trigger Dates"** shall mean the dates (each a **"Sale Trigger Date"**) by which  
22 (i) the sale of the Gordon Ranch, MacQuiddy Ranch, the Oda Ranch and the Conservation  
23 Easement must close, as set forth in Section 4.1.iv.3) of the Plan; and (ii) the Prudential Cure and  
24 Paydown Requirements must be achieved through the sale of the Gordon Ranch, MacQuiddy  
25 Ranch, the Oda Ranch and the Conservation Easement, as set forth in Section 4.1.vii.3) of the  
26 Plan.

27 1.141 **"SBA"** shall mean the United States Small Business Administration.

28 1.142 **"SBA Loan Documents"** shall mean the loan security and perfection documents

1 underlying the SBA's EIDL Secured Claim.

2 1.143 **"SBA's EIDL Secured Claim"** shall mean the United States Small Business  
3 Administration EIDL loan in the approximate amount of \$150,000 that is secured by a junior lien  
4 behind FNB on inventory, chattel paper, accounts, equipment, and general intangibles, and farm  
5 equipment.

6 1.144 **"SPE"** shall mean the special purpose entity owned by the Lester Family Trust that  
7 will be formed on or before the Effective Date whose purpose shall be limited to only: (i) holding,  
8 marketing and selling the SPE Designated Properties and (ii) to executing and overseeing the SPE  
9 Farming Lease(s) with the Reorganized Debtor. The SPE Documents shall be filed with the Plan  
10 Supplement.

11 1.145 **"SPE Annual Reports"** shall mean (i) an SPE Profit and Loss Statement for each  
12 calendar year calculating the SPE Profits and SPE Distributions for that year, and (ii) a statement  
13 calculating the SPE Excess Profits, including a statement showing the calculation of the SPE  
14 Estimated One-Year Expenses and any amounts contributed to the Prudential Reserve.

15 1.146 **"SPE Assumption Date"** shall mean the date the SPE's assumption of all of  
16 Debtor in Possession's and Reorganized Debtor's obligations to Prudential under the Plan and the  
17 Prudential Loan Documents becomes effective.

18 1.147 **"SPE Consent Authorized Representatives"** shall mean the designated  
19 representatives of Prudential and FNB authorized to receive an SPE Sale Consent Request and  
20 consent to a sale of an SPE Designated Property, as provided in Section 4.1.iv.1) of the Plan.

21 1.148 **"SPE Designated Properties"** shall mean all parcels of real property securing  
22 Prudential's Secured Claim, the crops growing thereon, and all fixtures, improvements, and other  
23 personal property located on or used in connection with such real property collateral. The parcels  
24 of real property that constitute the SPE Designated Properties include Gordon Ranch, MacQuiddy  
25 Ranch, Oda Ranch, Carrion Ranch, and McCune Ranch.

26 1.149 **"SPE Designated Properties Confidential Value"** shall mean the confidential  
27 values of the SPE Designated Properties as agreed upon by Prudential and the Reorganized  
28 Debtor.

1           1.150 **“SPE Distributions”** shall mean all distributions of funds from the SPE to the  
2 owners of the SPE, or to such other parties as the owner(s) of the SPE under the SPE Documents  
3 and the Lester Family Trust Documents or the Plan may direct such funds, including, without  
4 limitation, any voluntarily or mandated SPE Profits that are distributed and all SPE Sale Excess  
5 Proceeds, SPE Excess Profits, and SPE Refinance Excess Proceeds.

6           1.151 **“SPE Documents”** shall mean the organizational documents for the SPE that  
7 govern the formation, management, and operation of the SPE under the applicable law of the state  
8 of formation. The SPE Documents shall be filed with the Plan Supplement and shall contain  
9 provisions that, among other things: (i) require the SPE to be a bankruptcy remote entity; and (ii)  
10 prevent the SPE from incurring debt other than (a) debt incurred as a direct result of owning real  
11 property, such as ad valorem property taxes, (b) debt evidenced by and related to the Prudential  
12 Loans as modified by the Plan, (c) compensation and expenses of the SPE Manager, and (d) the  
13 SPE’s obligations under the SPE Farming Lease(s). The SPE Documents must also require the  
14 SPE Independent Manager or the Reorganized Debtor, as applicable, to distribute all SPE Excess  
15 Profits to the SPE Profits and Distributions Pledge Holders, annually by March 31 of the previous  
16 year, beginning with the distribution on March 31, 2022, of the SPE Excess Profits for the 2021  
17 calendar year, and continuing until the Allowed claims of the SPE Profits and Distributions Pledge  
18 Holders are paid in full. The SPE Documents must also require the SPE Independent Manager,  
19 the Lester Family Trust, or the Reorganized Debtor, as applicable, to comply with SPE Reporting  
20 Requirements.

21           1.152 **“SPE Estimated One-Year Expenses”** shall mean the anticipated amount the SPE  
22 will expend over the next one-year period for all the SPE Independent Manager Expenses and all  
23 of the SPE normal and customary operating expenses of the SPE measured as of January 1 of each  
24 calendar year, excluding those expenses to be paid from the proceeds from the sale of the SPE  
25 Designated Properties and the Conservation Easement including (i) any costs of the sale of the  
26 SPE Designated Properties, including commissions, legal fees, and expenses, of the SPE and  
27 Prudential, and any other repairs, expenses, fees, or costs required to be expended pursuant to the  
28 applicable sale documents necessary to execute such sale , and (ii) SPE Independent Manager’s

1 fees, costs, and expenses relating to the sale of the SPE Designated Properties. The SPE Estimated  
2 One-Year Expenses shall not exceed \$25,000.00, but such cap may be modified by consent of  
3 Prudential, FNB, and the Reorganized Debtor, or if no consent, by order of the Court for cause  
4 shown by the SPE Independent Manager.

5 1.153 “**SPE Excess Profits**” shall mean the SPE Profits less: (1) the SPE Estimated One-  
6 Year Expenses; (2) rent payments from the SPE Farming Lease(s), including any assigned  
7 payments from sub-leases; (3) any shortfall payments the Reorganized Debtor makes to the  
8 Prudential Reserve so that sufficient funds exist in the Prudential Reserve to make payments under  
9 the Prudential Loan Documents when due; and (4) any amounts contributed to the Prudential  
10 Reserve from (a) the sale of the SPE Designated Properties pursuant to by Section 4.1.iv.5)d) of  
11 this Plan and (b) from payment of any rent due the SPE from the SPE Farming Lease(s) or any  
12 sub-leases to the SPE Farming Lease(s).

13 1.154 “**SPE Farming Lease(s)**” shall mean the triple net lease agreement(s) between the  
14 Reorganized Debtor, the SPE, and the Lester Family Trust that will govern the terms for the  
15 ongoing farming operations and certain Plan payments due creditors of the SPE and the Lester  
16 Family Trust. The SPE Farming Lease(s) and any other documentation related thereto shall be  
17 filed with the Plan Supplement.

18 1.155 “**SPE Final Report**” shall mean a final SPE Profit and Loss Statement calculating  
19 the SPE Profits and SPE Distributions from the period ending on the sooner to occur of (i) the sale  
20 of all SPE Designated Properties, or (ii) the payment in full of the Claims of the SPE Profits and  
21 Distribution Pledge Holders and beginning on January 1 of that year.

22 1.156 “**SPE Independent Manager**” shall mean the independent fiduciary who will  
23 manage the sale of SPE Designated Properties pursuant to the treatment of Prudential in Class 1  
24 of this Plan. Prudential will designate the SPE Independent Manager subject to Debtor in  
25 Possession’s consent, which consent shall not be unreasonably withheld.

26 1.157 “**SPE Profits**” shall mean the annual net operating income of the SPE before  
27 deduction of depreciation and amortization, plus the principal portion of any payments made to  
28 Prudential, measured as of each calendar year end.

1           1.158 **“SPE Profits and Distributions”** shall mean, collectively, the SPE Profits and the  
2 SPE Distributions.

3           1.159 **“SPE Profits and Distributions Pledge Agreement”** shall mean an agreement  
4 pursuant to which all owners of the SPE, including holders of any beneficial ownership interest  
5 in the SPE, or who are otherwise entitled to receive SPE Profits and Distributions under the SPE  
6 Documents, pledge to the SPE Profit and Distributions Pledge Holders their right to receive  
7 payment of the SPE Profits and Distributions, to secure payment of their respective claims, as  
8 provided in the Plan. The SPE Profits and Distribution Pledge Agreement shall be executed by all  
9 the trustees of the Lester Family Trust and the beneficiaries of the Lester Family Trust, as  
10 necessary to create a valid and enforceable pledge of the right to receive the SPE Profits and  
11 Distributions. The SPE Profit and Distributions Pledge Agreement shall also include all  
12 documents, resolutions and agreements that may be required to evidence and/or establish the  
13 authority of any party to the SPE Profits and Distributions Pledge Agreement to executed and  
14 deliver the SPE Profits and Distributions Pledge Agreement.

15           1.160 **“SPE Profits and Distributions Pledge Holders”** shall mean the holders of the  
16 Voluntarily Deferred Allowed Administrative Claims, FNB, and the holder of the Class 11  
17 General Unsecured Claim.

18           1.161 **“SPE Profit and Loss Statement”** shall mean a statement showing the income  
19 and expense of the SPE and calculating the SPE Profits and the SPE Distributions for the period  
20 reported.

21           1.162 **“SPE Proposed Sale Properties”** shall mean the Conservation Easement, the  
22 Gordon Ranch, the Oda Ranch, and the MacQuiddy Ranch.

23           1.163 **“SPE Proposed Sale Properties Actual Net Sale Proceeds”** shall mean actual  
24 purchase prices for the SPE Projected Sale Properties less actual, commissions, closing costs,  
25 prorations, title, required endowment contributions, and escrow fees.

26           1.164 **“SPE Proposed Sale Properties Estimated Net Sale Proceeds”** shall mean  
27 \$13,133,050.00, consisting of the projected purchase price for the SPE Projected Sale Properties  
28 less commissions, closing costs, title, required endowment contributions, and escrow fees in the

1 estimated amount of 6%.

2 1.165 **“SPE Proposed Sale Properties Tax Distribution(s)”** shall mean the amount of  
3 funds the SPE distributes from the Prudential Reserve to the Lester Family Trust as the result of  
4 the receipt of an SPE Proposed Sale Properties Tax Distribution Request. No SPE Proposed Sale  
5 Properties Tax Distribution(s) shall be made prior to December 31, 2022.

6 1.166 **“SPE Proposed Sale Properties Tax Distribution Request”** shall mean a request  
7 by the Lester Family Trust and/or the Reorganized Debtor for a tax distribution from the  
8 Prudential Reserve to pay tax obligations owed by the Lester Family Trust or the Reorganized  
9 Debtor. Such request shall specify: (a) the SPE Proposed Sale Properties Actual Net Sale Proceeds  
10 (b) the amount that the SPE Proposed Sale Properties Actual Net Sale Proceeds exceed the SPE  
11 Sale Properties Estimated Net Sale Proceed, (c) the anticipated tax obligations incurred as a result  
12 of SPE Proposed Sale Properties Actual Net Sale Proceeds exceeding the SPE Proposed Sale  
13 Properties Estimated Net Sale Proceeds, and (d) a certification that the funds being held in the  
14 Lester Family Trust Tax Reserve are insufficient and the proposed distribution is necessary to  
15 timely make the estimated or actual tax obligation payments owed or estimated to be owed. The  
16 SPE Proposed Sale Properties Tax Distribution Request shall be served concurrently on the SPE  
17 Consent Authorized Representatives.

18 1.167 **“SPE Properties Refinancing”** shall mean a refinancing of the SPE Designated  
19 Properties as contemplated by Section 4.1.iv.8) of this Plan.

20 1.168 **“SPE Refinancing Excess Proceeds”** shall mean the proceeds from an SPE  
21 Properties Refinancing in excess of the amount necessary to pay the Prudential Loans in full and  
22 any loan fees, appraisal fees, document fees, escrow and title fees and other reasonable transaction  
23 costs incurred in connection with the SPE Properties Refinancing.

24 1.169 **“SPE Reporting Requirements”** shall mean the reporting requirements set forth  
25 in Section 6.21 of this Plan.

26 1.170 **“SPE Sale Consent Request”** shall mean a written request for consent to a sale of  
27 an SPE Designated Property to be delivered to the SPE Consent Authorized Representatives and  
28 the Reorganized Debtor, as required under Section 4.1.iv.1)b. of the Plan.

1.171 **“SPE Sale Excess Proceeds”** shall mean any proceeds remaining in a sale escrow from the sale of the Conservation Easement or the SPE Designated Properties that are available for distribution to the Lester Family Trust and/or, directly or indirectly, the SPE Profits and Distribution Pledge Holders pursuant to, among other things, Section 4.1.iv.4) and 4.1.iv.5) of this Plan after the full payment of all senior obligations required to be paid under the various provisions of this Plan are paid, including all amounts required to be paid to Prudential as set forth in Section 4.1.iv.4) and 4.1.iv.5) of this Plan.

1.172 **“Solano County Property Tax Claim”** shall mean all real and personal property tax owed Solano County that attached to real or personal property owned by the Prepetition Debtor on the January 1, 2020 Lien Date, which was unpaid as of the Petition Date.

1.173 **“Tolling Agreement”** shall mean an agreement between the Lester Family Trust, the Reorganized Debtor and any Insider that may be the subject of an Avoidance Action which agreement provides for the extension and tolling of any statutes of limitations that may apply to any such Avoidance Action.

1.174 **“Voluntarily Deferred Allowed Administrative Claims”** shall mean the Allowed Administrative Claims of Creditors who enter into an agreement to defer payment of all or a portion of their Allowed Administrative Claims pursuant to terms provided in Section 3.3 of this Plan.

1.175 **“U.S. Trustee”** shall mean Region 17 of the Office of the United States Trustee.

1.176 **“Yolo County Property Tax Claim”** shall mean all real property taxes owed Yolo County that attached to real property owned by the Prepetition Debtor on the January 1, 2020 Lien Date, which was unpaid as of the Petition Date.

## ARTICLE II CLASSIFICATION OF CLAIMS AND INTERESTS

### 2.1. **Classes of Claims and Ownership Interests**

Class 1 shall consist of the Prudential Secured Claim;

Class 2A shall consist of the Secured Claim of FNB for its FNB RE Loan;

Class 2B shall consist of the Secured Claim of FNB for its FNB HELOC Loan;

1 Class 2C shall consist of the Secured Claim of FNB for its FNB AG Production  
2 Loan;  
3 CLASS 2D shall consist of the Secured Claim of FNB for its FNB AG Asset Based  
4 LOC;  
5 Class 3 shall consist of Secured Claim of FMCC for its FMCC Vehicle(s) Loan;  
6 Class 4 shall consist of the cross-collateralized Secured Claim of John Deere;  
7 Class 5 shall consist of the Yolo County Property Tax Claim;  
8 Class 6 shall consist of the Solano County Property Tax Claim;  
9 Class 7 shall consist of the disputed Secured Claim of the 2019 Growers;  
10 Class 8 shall consist of the SBA's EIDL Secured Claim;  
11 Class 9 shall consist of the Secured Claims of Other Secured Creditors;  
12 Class 10 shall consist of the GUC Convenience Class;  
13 Class 11 shall consist of the General Unsecured Creditors; and  
14 Class 12 shall consist of the Ownership Interests of Russell Wayne Lester and  
15 Kathleen Lester.

16 **ARTICLE III**  
17 **TREATMENT OF UNCLASSIFIED CLAIMS**

18 **3.1. Allowance of Administrative Claims**

19 Holders of possible Administrative Claims against the Estate, including  
20 professionals, must file a motion to approve such claim as an Administrative Claim on or prior to  
21 the Administrative Claims Bar Date.

22 **3.2. Payment of Administrative Claims**

23 The Reorganized Debtor shall pay the Allowed Administrative Claims in the case  
24 as soon as practicable after the Effective Date. Holders of Allowed Administrative Claims may  
25 enter into an agreement with the Debtor in Possession or Reorganized Debtor to be treated as a  
26 Voluntarily Deferred Allowed Administrative Claim pursuant to Section 3.3 below. Such an  
27 agreement is subject to Court approval.

28 ///

1           **3.3. Voluntarily Deferred Allowed Administrative Claims**

2           Holders of Voluntarily Deferred Allowed Administrative Claims shall be paid as a  
3 priority distribution from the Conservation Easement Sale as provided in the Section 4.1 treatment  
4 of Prudential in Class 1 herein. Holders of Voluntarily Deferred Allowed Administrative Claims  
5 shall be secured by the SPE Profits and Distributions Pledge Agreement, in a first priority position.  
6 Holders of Voluntarily Deferred Administrative Claims shall receive interest on the outstanding  
7 principal balance on their Voluntarily Deferred Allowed Administrative Claims at the Federal  
8 Judgment Rate as of the Petition Date (0.13% per annum as published in the webpage:  
9 <https://www.casb.uscourts.gov/post-judgment-interest-rates-2020>). The Lester Family Trust and  
10 the Reorganized Debtor shall be co-obligors on the Voluntarily Deferred Allowed Administrative  
11 Claims, and such claims shall be paid in full, including all accrued interest on or before December  
12 31, 2022 from either the funds of the Reorganized Debtor or the SPE. Agreements to voluntarily  
13 defer the payment of the Allowed Amount of their Administrative Claims shall be entered into  
14 concurrent with, and included within the request for relief in, administrative Creditor's motion to  
15 approve the Administrative Claim. All agreements to defer payment are subject to Bankruptcy  
16 Court approval

17           **3.4. Voluntary Cap on Professional Fees**

18           Bankruptcy Counsel for the Debtor in Possession (FFWPR) and the Debtor in Possession's  
19 financial advisor (IBPM) have voluntarily agreed to cap their combined professional fees and  
20 costs through the Effective Date at a total amount of \$1,000,000 in addition to the prepetition  
21 retainers they presently hold.

22           **3.5. FNB Super-Priority Administrative Claim**

23           If FNB Accepts the Plan, FNB shall have an Allowed, super-priority administrative claim  
24 under Sections 503(b)(1), 507(a), and 507(b) of the Bankruptcy Code in the amount of \$250,000,  
25 which Claim shall have priority over all other costs and expenses of the kind specified in or  
26 ordered pursuant to Sections 105, 326, 330, 331, 503(b), 506(c), 507(a), 507(b) or 726 of the  
27 Bankruptcy Code, except for the Office of the United States Trustee Fees. FNB's Super-Priority  
28 Claim shall be an Allowed Administrative Claim without the filing of a Proof of Claim or a motion

1 seeking allowance of such Claim. The FNB Super-Priority Administrative Claim shall be a  
2 Voluntarily Deferred Administrative Claim and shall be secured by the SPE Profits and  
3 Distributions Pledge Agreement, in a first-priority position, ahead of the other Voluntarily  
4 Deferred Administrative Claims, the FNB Asset Based LOC, and the Class 11 General Unsecured  
5 Claims. FNB shall have and retain a valid, perfected, and enforceable lien on the proceeds from  
6 the sale of the Conservation Easement in the amount of the unpaid balance of the FNB Super-  
7 Priority Administrative Claim until the FNB Super-Priority Administrative Claim is paid in full.  
8 All other replacement liens provided to FNB in connection with the use of Cash Collateral shall  
9 be deemed to be released on the Effective Date. Any payments received by FNB in payment of  
10 the FNB Super-Priority Administrative Claim shall be applied to the principal balance owing  
11 under the FNB Asset Based LOC. Upon payment in full of the FNB Super-Priority Administrative  
12 Claim, the Reorganized Debtor shall be entitled to have the principal and interest payments to be  
13 made under the FNB Asset Based LOC to be adjusted to an amount required to amortize the then  
14 remaining principal balance of the FNB Asset Based LOC over the remainder of the thirteen-year  
15 amortization period. If FNB Rejects the Plan, and seeks to assert an FNB Super-Priority  
16 Administrative Claim, FNB must file a Proof of Claim asserting such claim and file a motion  
17 seeking allowance of such FNB Super-Priority Administrative Claim pursuant to Section 3.1 of  
18 the Plan.

19 **3.6. Post-Petition U.S. Trustee Fees**

20 Post-Petition U.S. Trustee Fees that are payable through the Effective Date under 28  
21 U.S.C. § 1930, as determined by the Court, shall be paid in full on the Effective Date or when  
22 due. The Lester Family Trust shall be jointly and severally liable for any unpaid Post-Petition U.S.  
23 Trustee Fees.

24 **3.7. Post-Petition Tax Claims**

25 The Reorganized Debtor shall reserve for and pay Post-Petition Tax Claims that were not  
26 due and payable on the Effective Date without the requirement that a motion to approve an  
27 Administrative Claim be filed by the applicable taxing authority by the Administrative Claims  
28 Bar Date. Other than interest payments required under the Plan, the Reorganized Debtor shall not

1 make any payments to Allowed General Unsecured Claims or any Priority Claims until all Post-  
2 Petition Tax Claims are either paid or fully reserved for. To the extent allowed by law, all net  
3 operating losses and other tax credits and attributes of the Pre-Petition Debtor, the Debtor in  
4 Possession, the Reorganized Debtor and/or Kathleen Lester that have arisen prior to the Petition  
5 Date and the Effective Date or that may arise from and after the Effective Date shall be preserved  
6 and used exclusively to offset any Post-Petition Tax Claims or otherwise for the benefit of the  
7 Creditors. The SPE shall be, and shall remain, a pass through or disregarded entity for tax purposes  
8 with all taxable income attributed to the Lester Family Trust and shall be prohibited from filing  
9 Form 8832, or any other form or return that would cause the SPE to be treated as a taxable  
10 corporation, until all Allowed Claims of Creditors in this Chapter 11 Case are paid in full.

11 **3.8. Priority Tax Claims.**

12 Each Allowed Priority Tax Claim, unless the holder of such Claim has agreed to a different  
13 treatment, shall receive deferred Cash payments to the extent permitted by Section 1129(a)(9) of  
14 the Bankruptcy Code with interest on the unpaid portion of such Claim at the rate established by  
15 applicable non-bankruptcy law as of the calendar month in which the Plan is confirmed, or at such  
16 other rate as may be agreed upon between the Reorganized Debtor and the appropriate  
17 governmental unit, provided that the Reorganized Debtor may prepay any or all such Claims at  
18 any time, without premium or penalty, other than the real property tax claims that are treated as  
19 secured claims.

20 **3.9. Priority Employee Claims**

21 Each holder of an Allowed Priority Employee Claim who is not employed by the Debtor  
22 in Possession as of the Effective Date shall receive full payment of the Allowed amount of such  
23 Claim, less any prior payments on account of such Claim (e.g., payment of Prepetition payroll)  
24 from available Cash on hand or as soon as practicable after the later of (i) the Effective Date, or  
25 (ii) the date upon which the Court enters a Final Order allowing the Priority Employee Claim. The  
26 Reorganized Debtor shall either pay on the Effective Date or honor in the ordinary course of  
27 business any Allowed Priority Employee Claim for any employee who is employed by the  
28 Reorganized Debtor on the Effective Date of the Plan. The Debtor in Possession obtained Court

1 approval to pay and/or honor the Prepetition employee wage claims and to pay the Prepetition  
2 portion of the first payroll in the Case. The Debtor in Possession does not believe that any Priority  
3 Employee Claims will exist on the Effective Date.

#### 4 3.10. **Priority Employee Benefit Claims**

5 Each holder of an Allowed Priority Employee Benefit Claim shall receive full payment of  
6 the Allowed amount of such Claim from available Cash on or as soon as practicable after the later  
7 of (i) the Effective Date, (ii) on the Date the Allowed Priority Employee Benefit Claim becomes  
8 due under California Law, or (iii) the date upon which the Court enters a Final Order determining  
9 or allowing the Priority Employee Benefit Claim. The Debtor in Possession does not believe that  
10 any Priority Employee Benefit Claims will exist, or if any Priority Employee Benefit Claims  
11 remain on the Effective Date, such as accrued vacation or sick leave pay, such benefits will be  
12 honored by the Reorganized Debtor in the ordinary course of business Post-Effective Date.

### 13 **ARTICLE IV** **TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS**

#### 14 4.1. **Class 1 Impaired Prudential Secured Claim**

15 The Prudential Loan Documents and all rights and obligations thereunder, including but  
16 not limited to Prudential's two deeds of trust on the SPE Designated Properties, shall remain in full  
17 force and effect, except as specifically modified in the Plan, and the SPE shall assume all  
18 obligations of Debtor in Possession under the Prudential Loan Documents as set forth herein. The  
19 Prudential Loan Documents are modified on the Effective Date as follows:

##### 20 i. General Terms.

21 1) On the Prudential Cure Date, the interest rates for Prudential Loan (1) and Prudential  
22 Loan (2) shall be set at their respective Prudential Contract Interest Rates.

23 2) Principal and interest payments shall be made from the funds held in the Prudential  
24 Reserve Account in accordance with the Prudential Loan Documents or as otherwise provided in  
25 the Prudential Loan Documents.

26 3) The January 1, 2029 maturity date in the Prudential Loan Documents will remain  
27 in full force and effect. As set forth in the Prudential Loan Documents, the Reorganized Debtor  
28 or the SPE (as applicable) shall pay all unpaid amounts due under the Prudential Loan Documents

1 on the maturity date and may do so without paying a prepayment premium if paid within sixty  
2 (60) days of such maturity date.

3 4) Except as otherwise set forth in Section 4.1(ix), any provisions of the Prudential  
4 Loan Documents that impose a default or other adverse consequence solely as a result of the  
5 Reorganized Debtor's and/or Kathleen Lester's financial situation or solvency after the Effective  
6 Date are deleted and shall have no force and effect.

7 ii. Prepayment Premium and Default Interest Settlement.

8 1) The SPE and/or the Reorganized Debtor may pay down Prudential's Missed  
9 Payments and Costs at any time without incurring a Prudential Prepayment Premium.

10 2) Prior to the Prudential Cure Date and following any Plan Default after the Prudential  
11 Cure Date, including any default or Event of Default (as defined in the Prudential Loan Documents)  
12 under the Prudential Loan Documents, Prudential Loan (1) and Prudential Loan (2) shall bear  
13 interest at the Prudential Allowed Default Rate.

14 3) Prudential will reduce the Prudential Prepayment Premium for all sales or  
15 refinancing of the SPE Designated Properties and the Conservation Easement that result in principal  
16 paydowns related thereto to 50% of the formula value contained in the Prudential Loan Documents  
17 through December 31, 2022, after which date, subject to the provisions of Section 4.1.viii.6), the  
18 Prudential Prepayment Premium will revert to the original non-discounted formula as set forth in  
19 the Prudential Loan Documents.

20 4) In return for the foregoing, the Debtor in Possession releases any and all right to  
21 contest the Prudential Prepayment Premium (both the original, non-discounted formula and the  
22 discounted formula as set forth in Section 4.1(ii.3)) or the Prudential Allowed Default Rate.

23 iii. Creation and Management of the SPE.

24 1) Upon or prior to the Effective Date, the Debtor in Possession or the Reorganized  
25 Debtor will create the SPE, which shall be a bankruptcy remote (i.e., ineligible to file a bankruptcy  
26 case in the future) entity, the terms of which shall be acceptable to Prudential. The organizational  
27 documents, limitations, and conditions of the SPE shall be set forth in the Plan Supplement.

28 ///

2) The SPE Documents shall provide for the execution and delivery of the SPE Profits and Distributions Pledge Agreement. The SPE Profits and Distributions Pledge Agreement shall govern how the SPE Independent Manager or the Reorganized Debtor, as applicable, distribute any SPE Profits and Distributions, SPE Sale Excess Proceeds and SPE Refinance Excess Proceeds on behalf of the Lester Family Trust to the SPE Profits and Distributions Pledge Holders until the claims secured by the SPE Profits and Distributions Pledge Agreement are paid in full. The SPE Documents shall also require the SPE Independent Manager or the Reorganized Debtor, as applicable, to meet the SPE Reporting Requirements and distribute the SPE Excess Profits to the SPE Profits and Distributions Pledge Holders. Notwithstanding the foregoing, nothing in the SPE Profits and Distributions Pledge Agreement shall give any SPE Profits and Distributions Pledge Holder any: (1) pledge or assignment of, or a security interest in, any equity, ownership, management, or control interest in the SPE or any of its direct or indirect members or managers or any of the SPE's other assets; or (ii) the right to vote or otherwise participate in the management or conduct of the activities of the SPE or the right to exercise any rights or powers as a member of the SPE or cause the Lester Family Trust to cease to be a member of the SPE.

3) On or before March 31 of each year commencing on March 31, 2022, the SPE Independent Manager or the Reorganized Debtor, as applicable, shall pay any SPE Excess Profits for the prior calendar year to SPE Profits and Distribution Pledge Holders until the Allowed Claims of the SPE Profits and Distribution Pledge Holders are paid in full, and thereafter to the Lester Family Trust.

4) The SPE Independent Manager shall serve as manager of the SPE, effective on the Effective Date. The SPE Independent Manager shall have sole authority and responsibility to sell the SPE Designated Properties, as otherwise set forth in and in accordance with the Plan, supervise any farming leases between the SPE and the Reorganized Debtor on the SPE Designated Properties, and manage the business affairs of the SPE. Reorganized Debtor shall replace the SPE Independent Manager as manager of the SPE, and the SPE Independent Manager shall be inactive, but shall not be terminated, in the event that all of the following occur on or before March 31, 2022: (a) the SPE Independent Manager sells Gordon Ranch, MacQuiddy Ranch, Oda Ranch, and the Conservation

1 Easement; (b) the Prudential Cure and Paydown Requirements are satisfied; and (c) no Default or  
2 Event of Default has occurred and is continuing under the Plan or the Prudential Loan Documents.  
3 At all times that the SPE Independent Manager serves as trustee and/or manager of the SPE,  
4 Reorganized Debtor shall assist the SPE Independent Manager in discharging its duties and  
5 obligations under the Plan, to the extent requested by the SPE Independent Manager. To the fullest  
6 extent permitted by law, and notwithstanding any duty otherwise existing under the SPE Operating  
7 Agreement or the Plan, the SPE Independent Manager shall have the same fiduciary duty  
8 obligations to the Creditors holding unpaid Allowed Claims as it does to the owner of the SPE.

9 5) If the SPE Independent Manager is inactive pursuant to Section 4.1.iii.4) of the Plan  
10 and there is an FNB Material Default or with the consent of the Reorganized Debtor, the SPE  
11 Independent Manager's powers shall be reactivated only to sell the balance of the SPE Designated  
12 Properties but not to oversee the SPE Farming Lease(s). The SPE Independent Manager's powers  
13 shall be reactivated by FNB providing a notice of default to the Reorganized Debtor and the SPE  
14 Independent Manager, which reactivation shall be immediate upon such notice, notwithstanding  
15 any cure period provided in Section 6.13. If, after expiration of the cure period provided in Section  
16 6.13, the McCune and Carrion Grant Deed has not already been recorded, the SPE Independent  
17 Manager shall immediately cause the McCune and Carrion Grant Deed to be recorded transferring  
18 title to the McCune Ranch and Carrion Ranch to the SPE. If the Reorganized Debtor disputes that  
19 an FNB Material Default exists, the Reorganized Debtor can apply to the Court for relief from the  
20 reactivation of the SPE Independent Manager with the only grounds for such relief being that (i) an  
21 FNB Material Default did not occur, or (ii) did occur but was cured within the cure period provided  
22 in Section 6.13;

23 6) No Sale Trigger Date may be extended except by Order of the Court, for good cause  
24 shown.

25 7) Concurrently with or as soon after the Effective Date as possible, the Reorganized  
26 Debtor shall:

27 ///

28 ///

1           a.       transfer all of the SPE Designated Properties to the SPE subject to the  
2 existing Prudential Loan Documents, including but not limited to any security interests in or  
3 deeds of trust on the SPE Designated Properties;

4           b.       cause the SPE to assume all of the obligations of the Debtor in Possession  
5 and Reorganized Debtor to Prudential under the Plan and the Prudential Loan Documents, and  
6 assign their interests in the Prudential Loan Documents to the SPE; and

7           8) The Reorganized Debtor may delay transferring the McCune Ranch and Carrion  
8 Ranch to the SPE until after closing of the Conservation Easement Sale. On or prior to the Effective  
9 Date, the Debtor in Possession and Kathleen Lester shall execute the McCune and Carrion Grant  
10 Deed and deliver the McCune and Carrion Grant Deed into the escrow for the closing of the  
11 Conservation Easement Sale, or if such escrow has not yet been opened, to the SPE Independent  
12 Manager, with irrevocable instructions to record the McCune and Carrion Grant Deed upon the  
13 earlier of (i) immediately after the close of the Conservation Easement Sale, or (ii) March 31, 2022  
14 or (iii) receipt of instructions from the SPE Independent Manager to record the McCune and Carrion  
15 Grant Deed.

16           9) The SPE shall execute assumption documents, or such other documents as may be  
17 reasonably requested by Prudential, including loan documents to amend or replace the Prudential  
18 Loan Documents. The SPE shall confirm, remake, or otherwise affirm all liens, security interests,  
19 and grants in favor of Prudential under the Prudential Loan Documents.

20           10) The SPE, at the SPE's expense, shall provide to Prudential all title endorsements,  
21 loan document amendments, environmental indemnification agreements, assignments,  
22 assumptions, reaffirmations, UCC filing authorizations, authority documents, and other documents  
23 and items as Prudential may require.

24           11) So long as there is no default under Section 4.1.vii, and the reasonable consent of  
25 Prudential which shall be given if there is no default under Section 4.1.vii, upon the receipt of an  
26 SPE Proposed Sale Properties Tax Distribution Request, the SPE Independent Manager, or the  
27 Reorganized Debtor, if applicable, shall distribute to the Lester Family Trust the amount requested  
28 up to the total amount remaining from the \$320,000 contributed to the Prudential Reserve pursuant

1 to Section 4.1.iv.5)d) of this Plan. The Lester Family Trust shall hold such funds, as well as the  
2 25% distributions to the Lester Family Trust specified in Section 4.1.iv.4)f and Section 4.1.iv.5)h  
3 of this Plan, in the Lester Family Trust Tax Reserve, and shall utilize such funds solely for the  
4 payment of estimated or actual tax payments due as a result of sales of the SPE Proposed Sale  
5 Properties. Any funds remaining in the Lester Family Trust Tax Reserve after payment of the taxes  
6 due as a result of the sales of the SPE Proposed Sale Properties shall be distributed back to the  
7 Prudential Reserve to replenish any funds advanced from the Prudential Reserve to the Lester  
8 Family Trust Reserve, and then to the SPE Profits and Distributions Pledge Holders in order of  
9 priority as provided in Section 6.4 of this Plan until the claims secured by the SPE Profits and  
10 Distributions Pledge Agreement are paid in full

11 iv. Sale Terms for SPE Designated Properties and Conservation Easement.

12 1) The following Terms shall govern obtaining approvals for the sales of SPE  
13 Designated Properties after the Effective Date:

14 a. Prudential and FNB shall advise the SPE Independent Manager and the  
15 Reorganized Debtor of the names and email addresses for their respective SPE Consent Authorized  
16 Representatives. Prudential and FNB may, from time to time, by written notice to the SPE  
17 Independent Manager and the Reorganized Debtor, designate different representatives authorized  
18 to receive the SPE Consent Requests and consent to a sale of an SPE Designated Properties.

19 b. The SPE Independent Manager shall obtain the consent of Prudential, FNB  
20 and the Reorganized Debtor as to the purchase price to be paid for the sale of any of the SPE  
21 Designated Properties prior to entering in any sales and execution of any purchase agreements or  
22 other similar documents for the sale of any SPE Designated Property. Prior to entering into any  
23 sales and execution of any purchase agreements or other similar documents with respect to the SPE  
24 Designated Properties the SPE Independent Manager or if applicable, the Reorganized Debtor when  
25 acting as a Manager of the SPE, shall deliver an SPE Sale Consent Request to the SPE Consent  
26 Authorized Representatives, and the Reorganized Debtor (if such property is being sold by the SPE  
27 Independent Manager) seeking written consent to the sale price of the SPE Designated Property  
28 which consent shall not be unreasonably denied by either the Prudential, FNB or the Reorganized

1 Debtor (if the SPE Independent Manager has sent the consent request). The SPE Sale Price Consent  
2 Requests shall, at a minimum disclose, the SPE Designated Property to be sold, the price for which  
3 it is to be sold, and if growing crops are to be sold, the amount of the cultural cost reimbursement  
4 compensating Reorganized Debtor for the cost incurred in farming such crops (which amount shall  
5 be considered a closing cost for all distributions of sale proceeds under this Plan), and include a  
6 complete copy of the proposed purchase and sale agreement (for informational purposes only). The  
7 SPE Sale Price Consent Request shall be delivered to the SPE Consent Authorized Representatives  
8 at the designated email addresses with a confirmation of receipt of delivery requested and if  
9 applicable to the Reorganized Debtor and any representatives he designates to receive the SPE Sale  
10 Price Consent Requests. The consent or objection to the sale of a SPE Designated Property shall be  
11 in writing and shall be delivered to the SPE Independent Manager or the Reorganized Debtor (as  
12 applicable) at an email address so designated within two (2) business days of receipt of the SPE  
13 Sale Consent Request. The failure any SPE Consent Authorized Representative or the Reorganized  
14 Debtor (if applicable) to either provide a written consent or objection to such sale within two (2)  
15 business days of the receipt of the SPE Sale Consent Request shall be deemed to be a consent to  
16 the sale requested pursuant to the SPE Sale Consent Request.

17 c. If any crops are growing on the Gordon Ranch, the MacQuiddy Ranch and  
18 the Oda Ranch at the time of entry into contracts of the sale for those SPE Designated Properties,  
19 the contract shall provide that the Reorganized Debtor shall (i) retain ownership in all such crops,  
20 and the rights to income from such crops, including, without limitation, the rights to income on  
21 growing crops by sharecroppers on such parcel(s) of SPE Designated Properties sold, or, upon the  
22 consent of the Reorganized Debtor in his sole discretion to the proposed sale and to the amount of  
23 the cultural cost reimbursement, and (ii) receive a cultural cost reimbursement compensating  
24 Reorganized Debtor for the costs incurred in farming such crops, which such cultural cost  
25 reimbursement shall be paid by buyer as a closing cost in addition to the purchase price. Any  
26 contract for the sale of any parcel of the SPE Designated Properties that includes a transfer of the  
27 crops growing on that parcel to the buyer shall specify the amount to be reimbursed to compensate  
28 the Reorganized Debtor for the cost incurred in farming such crops. If any parcel of the SPE

1 Designated Properties is sold with the purchaser acquiring the crops then growing on that parcel,  
2 FNB shall release its security interest in such crops as required to accommodate such sale.

3 d. In the SPE Independent Manager's or Reorganized Debtor's discretion,  
4 and/or if any SPE Consent Authorized Representative provides a written objection to the sale of an  
5 SPE Designated Property within two (2) business days of receipt of an SPE Sale Consent Request,  
6 the SPE Independent Manager or the Reorganized Debtor may file a motion with the Court, on ten  
7 (10) day notice, or sooner if the situation requires, seeking Court approval of such sale pursuant to  
8 Section 363 of the Bankruptcy Code.

9 e. The broker retained to sell the SPE Designated Properties shall provide to  
10 the SPE Independent Manager, or if applicable, the Reorganized Debtor, who shall provide the  
11 same to the SPE Consent Authorized Representatives and the Reorganized Debtor (if applicable),  
12 a weekly status report as to the marketing and offer activities relating to the sale of the SPE  
13 Designated Properties. Such weekly status report shall be in a form acceptable to the Reorganized  
14 Debtor, Prudential and FNB.

15 2) Any sales of any of the SPE Designated Properties that are conducted in accordance  
16 with the Plan or as otherwise provided in the Plan shall be permitted transfers and/or not considered  
17 prohibited transfers under the Prudential Loan Documents.

18 3) The SPE Independent Manager (or the Reorganized Debtor if such sales occur  
19 before the Effective Date) shall sell the Gordon Ranch, MacQuiddy Ranch, the Oda Ranch and the  
20 Conservation Easement on the following timelines:

21 a. The sales of the Gordon Ranch and the MacQuiddy Ranch shall close by  
22 December 31, 2021;

23 b. The sale of either the Conservation Easement or the Oda Ranch shall close  
24 by December 31, 2021;

25 c. If the sale of the Oda Ranch (rather than the Conservation Easement) closes  
26 by December 31, 2021, the sale of the Conservation Easement shall close by March 31, 2022;

27 ///

28

1           d.       If the sale of the Conservation Easement (rather than the Oda Ranch) closes  
2 by December 31, 2021, the sale of the Oda Ranch shall close by March 31, 2022; and

3           e.       None of the foregoing Sale Trigger Dates may be extended except by Order  
4 of the Court, for good cause shown.

5           4) The sale of the Conservation Easement must result in Prudential receiving a  
6 minimum of \$3.0 million in net proceeds. Any sale of the Conservation Easement that would fail  
7 to yield to Prudential a minimum of \$3.0 million in net proceeds will be subject to Prudential's  
8 consent, will constitute a Plan Default, and all gross proceeds therefrom remaining after payment  
9 of applicable costs and fees of the sale will be paid to Prudential. Provided that the net proceeds  
10 Prudential receives from the sale of the Conservation Easement are at least \$3.0 million, the SPE  
11 will distribute the proceeds of the Conservation Easement as follows:

12           a.       The first \$3.0 million, or such lesser amount that is necessary to pay the  
13 following, to Prudential, which will apply such proceeds in the following order:

14               i.     To the extent not previously paid through the sale of the SPE Designated  
15 Properties, to bring Prudential Loan (1) and Prudential Loan (2) current through payment in full of  
16 Prudential's Missed Payments and Costs;

17               ii.    Then, to the extent not previously paid through the sale of the SPE  
18 Designated Properties, to pay off the principal balance of Prudential Loan (1) in full and to pay all  
19 applicable Prudential Prepayment Premiums; and

20               iii.   Then, to the extent not previously paid through the sale of the SPE  
21 Designated Properties to pay Prudential Loan (2) down to a principal balance of \$6.5 million and  
22 to pay all applicable Prudential Prepayment Premiums.

23           b.       Then, up to \$1,500,000 to the Reorganized Debtor to pay the costs of the sale  
24 of the Conservation Easement, any required donation/contribution endowment, with the remaining  
25 balance of the \$1,500,000 then paid to the SPE Profits and Distributions Pledge Holders in order of  
26 priority as provided in Section 6.4 of this Plan ; *provided, however* that the Reorganized Debtor  
27 must first provide an accounting for the use of such funds to Prudential, the failure of which shall  
28 result in all unaccounted funds flowing to Prudential;

1 c. If the first \$3.0 million is not sufficient to satisfy the payment required under  
2 4.1.iv.4)a.ii. above, then to pay off the principal balance of Prudential Loan (1) in full and to pay  
3 all applicable Prudential Prepayment Premiums;

4 d. If the first \$3.0 million is not sufficient to satisfy the payment required under  
5 4.1.iv.4)a.iii. above, then to pay Prudential Loan (2) down to a principal balance of \$6.5 million  
6 and to pay all applicable Prudential Prepayment Premiums;

7 e. Then to FNB on account of the FNB Asset Based LOC in a total amount up  
8 to \$1,000,000 after deduction for any prior payments to FNB pursuant to Section 4.1.iv.5)g below;

9 f. Then 75% to the SPE Profits and Distributions Pledge Holders in order of  
10 priority as provided in Section 6.4 of this Plan until paid in full and 25% to the Lester Family Trust  
11 Tax Reserve; and

12 g. Then to the SPE.

13 5) Provided that the sales close on or before their respective deadlines set forth in  
14 Section 4.1.iv.3) above and that no Plan Default or default or Event of Default (as defined in the  
15 Prudential Loan Documents) under the Prudential Loan Documents exists, the SPE Independent  
16 Manager shall distribute the proceeds of the sale of each of Gordon Ranch, MacQuiddy Ranch, and  
17 Oda Ranch, and the McCune Ranch and Carrion Ranch if and when sold, as follows:

18 a. First, to the direct costs of the sale of such SPE Designated Property,  
19 including commissions, legal fees, and expenses, of the SPE and Prudential, and any other repairs,  
20 expenses, fees, or costs required to be expended pursuant to the applicable sale documents  
21 necessary to execute such sale;

22 b. Then to the SPE Independent Manager's reasonable fees, costs, and  
23 expenses, and to replenish the SPE Independent Manager's \$25,000 retainer;

24 c. Then, to the extent not previously paid through the sale of the SPE  
25 Designated Properties or the Conservation Easement, to bring Prudential Loan (1) and Prudential  
26 Loan (2) current through payment in full of Prudential's Missed Payments and Costs;

27 d. Then, in the Reorganized Debtor's discretion, up to \$320,000 to fund the  
28 Prudential Reserve to be held in the Prudential Reserve Account to pay the future interest and

1 principal due to Prudential under the Prudential Loan Documents and/or, if no default under Section  
2 4.1.vii, to fund SPE Proposed Sale Properties Tax Distribution(s). The Prudential Reserve Account  
3 shall serve as additional security for the Prudential Loans. Payments to Prudential under the  
4 Prudential Loan Documents and the Plan shall be first made from this account.

5 e. Then, to the extent not previously paid through the sale of the SPE  
6 Designated Properties or the Conservation Easement, to pay off the principal balance of Prudential  
7 Loan (1) in full and to pay all applicable Prudential Prepayment Premiums;

8 f. Then, subject to Section 4.1.iv.6) of this Plan, to the extent not previously  
9 paid through the sale of the SPE Designated Properties or the Conservation Easement, to pay  
10 Prudential Loan (2) down to a principal balance of \$6.5 million and to pay all applicable Prudential  
11 Prepayment Premiums;

12 g. Then to FNB on account of the FNB Asset Based LOC in a total amount up  
13 to \$1,000,000 after deduction for any prior payments to FNB pursuant to Section 4.1.iv.4)e) above;

14 h. Then 75% to the SPE Profits and Distributions Pledge Holders in order of  
15 priority as provided in Section 6.4 of this Plan until paid in full and 25% to the Lester Family Trust  
16 Tax Reserve; and

17 i. Then to the SPE.

18 6) The SPE Independent Manager, or if applicable, the Reorganized Debtor when  
19 acting as the SPE Manager, may sell McCune Ranch and Carrion Ranch at any time; provided,  
20 however that only the SPE Independent Manager may sell McCune Ranch or Carrion Ranch so  
21 long as any Plan Default pursuant to Section 4.1.vii is continuing. The proceeds from such sales  
22 (without duplication of amounts previously paid or reserved by other payments or sales) shall be  
23 distributed as set forth in Section 4.1.iv.5), except that (i) the language in Section 4.1.iv.5).f) shall  
24 be replaced by the following: "Then, to pay off the principal balance of Prudential Loan (2) in full  
25 and to pay all applicable Prudential Prepayment Premiums" and (ii) the language in Section  
26 4.1.iv.5).h) shall be replaced with "Then to the SPE Profits and Distributions Pledge Holders in  
27 order of priority as provided in Section 6.4 of this Plan until the Allowed claims of the SPE Profits  
28 and Distributions Pledge Holders are paid in full."

1           7) The SPE Independent Manager may utilize the existing broker for Gordon Ranch  
2 (subject to Prudential's right to confer with and interview such broker) and will hire a broker  
3 agreeable to Prudential and the Reorganized Debtor for the sales of MacQuiddy Ranch, Oda Ranch,  
4 and Gordon Ranch (in the event that the original broker for Gordon Ranch is not retained). If the  
5 Reorganized Debtor elects to sell, or if the SPE Independent Manager is required to sell the McCune  
6 Ranch and the Carrion Ranch, the Reorganized Debtor or the SPE Independent Manager, as  
7 applicable, shall hire a broker agreeable to Prudential and the Reorganized Debtor for the sale of  
8 the McCune Ranch and Carrion Ranch. The broker retained to sell the SPE Designated Properties  
9 shall provide to the SPE Independent Manager, or if applicable, the Reorganized Debtor, who shall  
10 provide the same to the SPE Consent Authorized Representatives and the Reorganized Debtor (if  
11 applicable), a weekly status report as to the marketing and offer activities relating to the sale of the  
12 SPE Designated Properties. Such weekly status report shall be in a form acceptable to the  
13 Reorganized Debtor, Prudential and FNB.

14           8) The Reorganized Debtor may seek to refinance all, but not less than all, of the unsold  
15 SPE Designated Properties; *provided, however* that no SPE Properties Refinancing shall occur  
16 unless (i) the proceeds of such SPE Properties Refinancing, after related transaction costs, are  
17 sufficient to pay the Prudential Loans in full, including the payment of all applicable Prudential  
18 Prepayment Premiums, and (ii) the SPE Refinancing Excess Proceeds are sufficient to pay in full  
19 the remaining amounts secured by the SPE Profits and Distributions Pledge Agreement. All such  
20 SPE Refinancing Excess Proceeds shall be paid to the SPE Profits and Distribution Pledge Holders  
21 directly from the escrow for SPE Properties Refinancing, in the order of priority as provided in  
22 Section 6.4 of this Plan. Upon payment in full of the Prudential Loans from any SPE Refinancing,  
23 any funds remaining in the Prudential Reserve shall paid to the SPE and shall be included in the  
24 SPE Profits for purposes of calculating the SPE Excess Profits.

25           v. Conservation Easement.

26           1) Prudential shall cooperate in the sale of the Conservation Easement and shall  
27 subordinate the lien of its deed of trust to the Conservation Easement as long as the easement is  
28 restricting the use of the McCune Ranch and Carrion Ranch to agriculture and related activities and

1 the terms of such subordination are acceptable to Prudential. Consent by Prudential to the language  
2 of the Conservation Easement shall not be unreasonably denied; *provided, however* that the  
3 Reorganized Debtor shall make commercially reasonable efforts to implement Prudential's  
4 comments to such language into the final language of the Conservation Easement.

5 2) The SPE or, if applicable, the Reorganized Debtor, shall pay the reasonable costs  
6 incurred by Prudential in connection with Prudential's review of the Conservation Easement.

7 3) If the SPE seeks and obtains approval for the sale of similar conservation easements  
8 on the SPE Designated Properties, the same provisions as set forth with respect to the Conservation  
9 Easement shall apply to the SPE and Prudential with respect to these possible additional  
10 conservation easements.

11 4) If there is a dispute as to the reasonable costs or the language of the Conservation  
12 Easement, or any other issue respecting the Conservation Easement, the Court shall resolve such  
13 dispute via a motion filed by the Reorganized Debtor, the SPE, or Prudential.

14 vi. SPE Farming Lease(s).

15 The Reorganized Debtor and the SPE shall execute one or more triple net leases regarding  
16 the Reorganized Debtor's ongoing farming operations on the SPE Designated Properties. The lease  
17 documents, including the form of lease to be executed, shall be included in the Plan Supplement,  
18 shall be subject to Prudential's approval, and shall contain the following terms and limitations:

19 1) The Reorganized Debtor shall act as lessee and the SPE as the lessor.

20 2) The Reorganized Debtor's rights under such leases shall be subordinate (pursuant to  
21 subordination agreements reasonably satisfactory to Prudential) to Prudential's liens on, and  
22 enforcement rights against, the Prudential Collateral, whether under the Plan or otherwise, and shall  
23 be subject to the right of any purchaser to terminate on thirty (30) days' written notice following  
24 the sale of any of the Prudential Collateral as provided under the Plan.

25 3) The Reorganized Debtor and the SPE will, to the maximum extent possible under  
26 applicable law, consent to relief from the automatic stay under Section 362 of the Bankruptcy Code  
27 and waive any and all similar rights related to Prudential's foreclosure or sale of the SPE Designated  
28 Properties in the event that the Reorganized Debtor or the SPE files for bankruptcy relief subsequent

1 to confirmation of the Plan.

2 4) The SPE will assign such leases to Prudential as further security for Prudential Loan  
3 (1) and Prudential Loan (2), and the Reorganized Debtor will execute a pledge,  
4 assignment, and/or other security agreement granting to Prudential a security interest in any  
5 growing crops.

6 5) The Reorganized Debtor and the SPE will subsequently determine the structure and  
7 nature of such security, which must be satisfactory to Prudential in its reasonable discretion.

8 6) The rental rate under such leases shall be determined pursuant to the terms of the  
9 final executed SPE Farming Lease(s), and will initially be \$343,500 per year. The rent shall be  
10 payable in equal installments of \$171,750 bi-annually in advance on December 1 and June 1 of  
11 each year. The rent shall be adjusted as SPE Designated Properties are: (i) transferred to the SPE;  
12 and/or (ii) sold and the annual principal and interest payments payable under the Plan and the  
13 Prudential Loans Documents are reduced from the sale of the SPE Designated Properties. A  
14 \$143,125 commencement payment shall be made as soon as practicable after the Effective Date,  
15 and such payment shall be deposited into the Prudential Reserve Account. The \$171,750 bi-annual  
16 rent payments shall be deposited and held in the Prudential Reserve Account to be used solely for:  
17 (a) debt service payments to Prudential under the Plan and Prudential Loan Documents; (b) SPE  
18 Estimated One-Year Expenses; and (c) replenishment of retainers due the SPE Independent  
19 Manager pursuant to Section 6.9 of this Plan and subject to Section 4.1.iv.5)(b) of this Plan.

20 7) Notwithstanding the foregoing, the terms and substance of any such lease are subject  
21 to Prudential's approval and must otherwise be in compliance with the Prudential Loan Documents.

22 vii. Defaults Under Prudential's Class 1 Treatment.

23 The occurrence of any of the following will constitute a Plan Default:

24 1) The Reorganized Debtor and/or the SPE fails to close (a) the sale of the Gordon  
25 Ranch, MacQuiddy Ranch, and either the Conservation Easement or the Oda Ranch by December  
26 31, 2021, and (b) depending on which closes escrow prior to December 31, 2021, close escrow on  
27 the sale of Oda Ranch or the Conservation Easement by March 31, 2022. None of the foregoing  
28 Sale Trigger Dates may be extended except by Order of the Court, for good cause shown.

1           2) The net proceeds Prudential receives from the sale of the Conservation Easement  
2 are less than \$3 million;

3           3) The Reorganized Debtor and/or the SPE fails to achieve the Prudential Cure and  
4 Paydown Requirements in connection with the sales of Gordon Ranch, MacQuiddy Ranch, Oda  
5 Ranch, and the Conservation Easement by March 31, 2022;

6           4) The Reorganized Debtor and/or the SPE fails to make any payments to Prudential  
7 required under the Plan or the Prudential Loan Documents (including quarterly interest payments  
8 and annual principal payments);

9           5) The Reorganized Debtor fails to pay all real estate taxes on the SPE Designated  
10 Properties as they become due, excepting such real property taxes as are termed out over time in  
11 the Plan; and

12           6) The Reorganized Debtor and/or the SPE incurs a material default or Event of Default  
13 under Prudential Loan (1) or Prudential Loan (2), incurs an FNB Material Default, or fails to  
14 materially comply with the other terms of the Plan.

15           viii. Consequences of Default or Event of Default.

16           Upon the occurrence of a Plan Default or a default or Event of Default under the Prudential  
17 Loan Documents, including as set forth in Section 4.1(vii), the following shall occur:

18           1) Interest on any unpaid amounts under Prudential Loan (1) and Prudential Loan (2)  
19 shall accrue at the Prudential Allowed Default Rate from the date of the applicable Plan Default;

20           2) All sums due to Prudential shall be accelerated and become fully due and payable;

21           3) Prudential shall be entitled, but not obligated, to exercise any remedies set forth in  
22 the Prudential Loan Documents, the Plan, or otherwise available under applicable law, subject to  
23 any applicable notice and cure periods under Section 4.1.viii.4) below and the sale obligations of  
24 the SPE Independent Manager under Section 4.1.viii.5) below;

25           4) The Reorganized Debtor and/or the SPE shall have thirty (30) days after written  
26 notice of such Plan Default or default or Event of Default under the Prudential Loan Documents to:

27           (i) cure defaults of obligations owed to Prudential, including by liquidating any remaining SPE  
28 Designated Properties; or (ii) to the extent that a monetary cure is not possible, pay off the entirety

1 of the indebtedness owed to Prudential; and

2 5) If the Reorganized Debtor and/or the SPE fails to cure any such Default or Event of  
3 Default within the thirty (30) day cure period, the SPE Independent Manager shall immediately  
4 commence selling such parcels of the SPE Designated Properties as necessary to pay all amounts  
5 owed to Prudential in full.

6 6) The SPE Independent Manager shall have until the later of December 31, 2022, or  
7 three (3) months after the expiration of the thirty (30) day cure period to sell such parcels of the  
8 SPE Designated Properties as necessary to pay off Prudential in full. In the event that the SPE  
9 Independent Manager does not sell sufficient SPE Designated Properties to pay off Prudential in  
10 full, Prudential may, in its discretion, foreclose on any remaining SPE Designated Properties or  
11 allow the SPE Independent Manager to continue selling such properties. In the event that the  
12 expiration of the aforementioned three-month period occurs after December 31, 2022, then the  
13 discount to the Prudential Prepayment Premium as set forth in Section 4.1.ii.3) of this Plan shall be  
14 extended beyond December 31, 2022 until the expiration of such period in order to sell such SPE  
15 Designated Properties as necessary to pay off Prudential in full.

16 ix. Releases.

17 1) Upon the Effective Date, Russell Lester and Kathleen Lester release all claims they  
18 may have against Prudential then in existence in accordance with California Civil Code §1542.

19 2) On transfer of the SPE Designated Properties to the SPE, Russell Lester and  
20 Kathleen Lester shall be bound by all existing provisions in the Prudential Loan Documents except  
21 for those that relate to existing, disclosed defaults under the Prudential Loan Documents. Upon  
22 Prudential Loan (1) and Prudential Loan (2) becoming current (through payment in full of  
23 Prudential's Missed Payments and Costs), Prudential will waive Debtor's disclosed, non-monetary  
24 defaults existing as of the Effective Date.

25 3) Each of Russell Lester and Kathleen Lester shall execute separate recourse  
26 guaranties and, to the extent necessary, environmental indemnification agreements, in favor of  
27 Prudential with respect to each of Prudential Loan (1) and Prudential Loan (2). Specifically, each  
28 individual shall execute a joint and several recourse guaranty for each such Prudential Loan. Each

1 guaranty shall include traditional recourse obligations arising for, among other things, waste,  
2 environmental issues, and future bankruptcy filings by the SPE, but shall not include recourse  
3 obligations as a result of a subsequent bankruptcy filing by Russell Lester and/or Kathleen Lester  
4 unless: (a) Prudential is subject to the automatic stay under any such filing; and/or (b) the SPE  
5 Designated Properties shall be made a part of their bankruptcy estate or subject to the automatic  
6 stay.

7 4) Prudential shall release Russell Lester and Kathleen Lester from all other claims  
8 under Prudential Loan (1) and Prudential Loan (2) upon the transfer of all of the SPE Designated  
9 Properties to the SPE and the assumption by the SPE of all of the obligations owed to Prudential  
10 under Prudential Loan (1) and Prudential Loan (2).

11 5) Upon payment in full of Prudential Loan (1), and provided that no Plan Default or  
12 default or Event of Default exists under the Prudential Loan Documents, Prudential shall release  
13 Russell Lester and Kathleen Lester from the recourse guarantees with respect to Prudential Loan  
14 (1); *provided, however* that Prudential shall not release: (i) any recourse obligations relating to  
15 environmental indemnification agreements; or (ii) any obligations related to environmental issues.

16 6) Upon payment in full of Prudential Loan (2), and provided that no Plan Default or  
17 default or Event of Default exists under the Prudential Loan Documents, Prudential shall release  
18 Russell Lester and Kathleen Lester from the recourse guarantees with respect to Prudential Loan  
19 (2); *provided, however* that Prudential shall not release: (i) any recourse obligations relating to  
20 environmental indemnification agreements; or (ii) any obligations related to environmental issues.

21 **4.2. Class 2A (Impaired FNB RE Loan: Approx. \$1.4M plus post-petition interest**  
22 **and attorneys' fees and costs if Allowed)**

23 a. FNB RE Loan Treatment if FNB Accepts Plan:

24 i. The FNB RE Loan Claim shall be an Allowed Secured Claim in the  
25 full amount of the FNB RE Loan Claim, plus all unpaid post-petition interest thereon and the FNB  
26 Pro Rated Attorneys' Fees and Costs allocable to the FNB RE Loan, provided that the total of  
27 FNB's Attorneys Fees and Costs shall not exceed \$500,000 through the Effective Date. All unpaid  
28 interest as of the Effective Date and the FNB Pro Rated Attorneys' Fees and Costs allocable to the

1 FNB RE Loan shall be added to the principal balance of the FNB RE Loan on the Effective Date;

2 ii. The interest rate on the FNB RE Loan shall be fixed at 6.75% per  
3 annum compounded monthly, or such higher or lower interest rate that the Court may determine at  
4 the Confirmation Hearing, based on the then-applicable reference interest rates and other applicable  
5 risk factors necessary for Confirmation;

6 iii. The FNB RE Loan shall be restructured as a term loan with a thirteen-  
7 year amortization commencing on the Effective Date;

8 iv. Payments shall be made monthly in arrears commencing on October 1,  
9 2021, and on the first day of each month thereafter;

10 v. All unpaid interest, principal, and attorney's fees and costs shall be due  
11 and payable, without any prepayment penalty, on or before the fourth anniversary of the Effective  
12 Date;

13 vi. FNB shall retain its lien on the Putah Creek Ranch and the FNB RE  
14 Loan Documents including FNB's recorded deed of trust on Putah Creek Ranch to secure the FNB  
15 RE Loan shall remain in full force and effect, except as modified herein and elsewhere in the Plan  
16 until all amounts due under this Plan on the FNB RE Loan are paid in full;

17 vii. Any provisions of the FNB RE Loan Documents that create a default  
18 or other adverse consequence by the SPE's, the Reorganized Debtor's and/or Kathleen Lester's  
19 financial situation or solvency after the Effective Date are deleted and shall have no force and effect.  
20 Notwithstanding the forgoing, any Post-Effective Date breach of any provision of the FNB RE  
21 Loan Documents requiring the maintenance of insurance on the Putah Creek Ranch or the payment  
22 of ad valorem property taxes on the Putah Creek Ranch that is not cured in accordance with Section  
23 6.13 herein, shall also constitute an FNB Material Non-Payment Default and allow FNB to proceed  
24 with its Plan remedies also under Section 6.13 herein. Additionally, upon any Post Effective Date  
25 breach of any environmental provisions relating to the Putah Creek Ranch contained in the FNB  
26 RE Loan Documents, FNB may move the Court for a determination that such breach is an FNB  
27 Material Non-Payment Default, and if determined so by the Court FNB shall be allowed to enforce  
28 any of its rights and remedies under the FNB RE Loan Documents. Notwithstanding any notice and

1 cure provisions under Section 6.13, upon the occurrence of a Post-Effective Date FNB Payment  
2 Default or an FNB Non-Payment Default, FNB may move the Court to determine whether the FNB  
3 Non-Payment Default is an FNB Material Non-Payment Default, and also to request immediate  
4 relief if FNB reasonably believes such relief is necessary to protect and preserve its collateral. Any  
5 FNB Payment Default or FNB Material Non-Payment Default under the FNB HELOC Loan and/or  
6 the FNB AG Production Loan will constitute an FNB Payment Default or FNB Material Non-  
7 Payment Default under the FNB RE Loan;

8                   viii. If the Debtor in Possession or the Reorganized Debtor obtains PPP2  
9 Loan, such funds shall be used to pay for employees per the requirements of the PPP2 Loan;  
10 however, the Debtor in Possession or the Reorganized Debtor shall deposit up to \$250,000.00 in  
11 funds into the FNB Reserve. Provided that no FNB Material Default has occurred, the Reorganized  
12 Debtor may use the funds in the FNB Reserve at any time to make payments due to FNB during  
13 the Plan term, to make future payments due to FNB during the Plan term, or at the discretion of the  
14 Reorganized Debtor, principal paydown payments on any of the FNB loans. The funds held in the  
15 FNB Reserve shall not be used by the Reorganized Debtor for any other purposes. FNB is be granted  
16 a first priority security interest in the FNB Reserve Account and the FNB Reserve to secure the  
17 FNB Loans, effective upon entry of the Confirmation Order. Upon the occurrence of an FNB  
18 Material Default, FNB may apply the FNB Reserve to the principal and interest owing under the  
19 FNB Asset Based LOC.

20                   ix. Any SPE Excess Sale Proceeds, SPE Excess Profits and/or SPE  
21 Refinance Excess Proceeds received by FNB shall be applied to first to any accrued and unpaid  
22 interest accrued under the FNB Asset Based LOC after the Effective Date, and then to the principal  
23 balance outstanding under the FNB Asset Based LOC.

24                   x. Any provision of the FNB RE Loan Documents that conflicts in any  
25 way with the language and intent of this Plan shall be null and void; and

26                   xi. Any dispute with respect to the treatment of FNB under this Plan may  
27 be resolved by the Court by motion.

28 ///

b. FNB RE Loan Treatment if FNB Rejects Plan:

If FNB rejects the Plan the treatment of the FNB RE Loan shall be the same as provided in Section 4.2.a. above, except as follows:

i. Section 2.a.ii is modified to provide that the interest rate on the FNB RE Loan shall be fixed at 4.5% per annum compounded monthly, or such higher or lower interest rate that the Court may determine at the Confirmation Hearing, based on the then-applicable reference interest rates and other risk factors, as needed for Confirmation;

ii. Section 2.a.iii is modified to provide that the FNB RE Loan shall be restructured as a term loan with a thirty-year amortization commencing on the Effective Date; and

iii. Section 2.a.v is modified to provide that all unpaid interest, principal, and attorney's fees and costs shall be due and payable, without any prepayment penalty, on or before January 1, 2029.

iv. Notwithstanding anything to the contrary in this Plan, FNB shall be prohibited and barred by the Plan Injunction from commencing any act to recover on the FNB RE Loan including but not limited to foreclose on or recover on its collateral for the FNB RE Loan unless there is a FNB Payment Default with respect to the FNB RE Loan or an FNB Material Non-Payment Default with respect to the FNB RE Loan.

**4.3 Class 2B (Impaired FNB HELOC Loan: Approx. Amount \$500,000 plus post-petition interest and attorneys' fees and costs if Allowed)**

a. FNB HELOC Loan Treatment if FNB Accepts Plan:

i. FNB HELOC Loan Claim shall be an Allowed Secured Claim in the full amount of the FNB HELOC Loan Claim, plus all unpaid post-petition interest thereon and the FNB Pro Rated Attorneys' Fees and Costs allocable to the FNB HELOC Loan, provided that the total of FNB's Attorneys Fees and Costs shall not exceed \$500,000 through the Effective Date. All unpaid interest the FNB Pro Rated Attorneys' Fees and Costs allocable to the FNB HELOC shall be added to the principal balance of the FNB HELOC Loan on the Effective Date.

ii. The interest rate on the FNB HELOC Loan shall be fixed at 6.75% per annum compounded monthly, or such higher or lower interest rate that the Court may determine at

1 the Confirmation Hearing, based on the then-applicable reference interest rates and other applicable  
2 risk factors necessary for Confirmation;

3                   iii. The FNB HELOC Loan shall be restructured as a term loan with a  
4 thirteen-year amortization commencing on the Effective Date;

5                   iv. Payments shall be made monthly in arrears commencing on October  
6 1, 2021, and on the first day of each month thereafter;

7                   v. All unpaid interest, principal, and attorneys' fees and costs shall be  
8 due and payable, without any prepayment penalty, on or before the fourth anniversary of the  
9 Effective Date;

10                  vi. FNB shall retain its lien on the Putah Creek Ranch and the FNB  
11 HELOC Loan Documents including FNB's recorded deed of trust on Putah Creek Ranch to secure  
12 the FNB HELOC Loan shall remain in full force and effect, except as modified herein and  
13 elsewhere in the Plan until all amounts due under this Plan on the FNB HELOC Loan are paid in  
14 full;

15                  vii. Any provisions of the FNB HELOC Loan Documents that create a  
16 default or other adverse consequence by the SPE's, the Reorganized Debtor's and/or Kathleen  
17 Lester's financial situation or solvency after the Effective Date are deleted and shall have no force  
18 and effect. Notwithstanding the forgoing, any Post-Effective Date breach of any provision of the  
19 FNB RE HELOC Documents requiring the maintenance of insurance on the Putah Creek Ranch or  
20 the payment of ad valorem property taxes on the Putah Creek Ranch that is not cured in accordance  
21 with Section 6.13 herein, shall also constitute an FNB Material Non-Payment Default and allow  
22 FNB to proceed with its Plan remedies also under Section 6.13 herein. Additionally, upon any Post-  
23 Effective Date breach of any environmental provisions relating to the Putah Creek Ranch contained  
24 in the FNB HELOC Loan Documents, FNB may move the Court for a determination that such  
25 breach is an FNB Material Non-Payment Default, and if determined so by the Court, FNB shall be  
26 allowed to proceed with any or all of its rights and remedies under the FNB HELOC Loan  
27 Documents. Notwithstanding any notice and cure provisions under Section 6.13, upon the  
28 occurrence of a Post-Effective Date FNB Payment Default or an FNB Non-Payment Default, FNB

1 may move the Court to determine whether the FNB Non-Payment Default is an FNB Material Non-  
2 Payment Default, and also to request immediate relief if FNB reasonably believes such relief is  
3 necessary to protect and preserve its collateral. Any FNB Payment Default or FNB Material Non-  
4 Payment Default under the FNB RE Loan and/or the FNB AG Production Loan will constitute an  
5 FNB Payment Default or FNB Material Non-Payment Default under the FNB HELOC Loan;

6 viii. Any provision of the FNB HELOC Loan Documents that conflicts in  
7 any way with the language and intent of this Plan shall be null and void;

8 ix. Any dispute with respect to the treatment of FNB under this Plan may  
9 be resolved by the Court by motion.

10 b. FNB HELOC Loan Treatment If FNB Rejects Plan:

11 If FNB rejects the Plan the treatment of the FNB HELOC Loan shall be the  
12 same as provided in Section 4.3.a. above, except as follows:

13 i. Section 4.3.a.ii is modified to provide that the interest rate on the FNB  
14 HELOC Loan shall be fixed at 4.75% per annum compounded monthly, or such higher or lower  
15 interest rate that the Court may determine at the Confirmation Hearing, based on the then-applicable  
16 reference interest rates and other risk factors, as needed for Confirmation;

17 ii. Section 4.3.a.iii is modified to provide that the FNB HELOC Loan  
18 shall be restructured as a term loan with a thirty-year amortization commencing on the Effective  
19 Date; and

20 iii. Section 4.3.a.v. is modified to provide that all unpaid interest,  
21 principal, and attorneys' fees and costs shall be due and payable, without any prepayment penalty,  
22 on or before January 1, 2029.

23 iv. Notwithstanding anything to the contrary in this Plan, FNB shall be  
24 prohibited and barred by the Plan Injunction from commencing any act to recover on the FNB  
25 HELOC Loan including but not limited to foreclose on or recover on its collateral for the FNB  
26 HELOC Loan unless there is a FNB Payment Default with respect to the FNB HELOC Loan or an  
27 FNB Material Non-Payment Default with respect to the FNB HELOC Loan.

28 ///

**4.4 Class 2C (Impaired FNB AG Production Loan Approx. \$2.8M plus post-petition interest and attorneys' fees and costs if Allowed)**

a. If FNB Accepts Plan:

i. FNB AG Production Loan Claim shall be an Allowed Secured Claim in the full amount of the FNB AG Production Loan Claim, plus all unpaid post-petition interest thereon and the FNB Pro Rated Attorneys' Fees and Costs allocable to the FNB AG Production Loan, provided that the total of FNB's Attorneys Fees and Costs shall not exceed \$500,000 through the Effective Date. All unpaid interest as of the Effective Date and FNB Pro Rated Attorneys' Fees and Costs allocable to the FNB Ag Production Loan shall be added to the principal balance of the FNB AG Production Loan on the Effective Date;

ii. The interest rate on the FNB AG Production Loan shall be fixed at 6.75% per annum compounded monthly;

iii. The FNB AG Production Loan shall be restructured as a term loan with a thirteen-year amortization commencing on the Effective Date;

iv. Payments shall be made monthly in arrears commencing on October 1, 2021, and on the first day of each month thereafter;

v. All unpaid interest, principal, and attorneys' fees and costs shall be due and payable, without any prepayment penalty, on or before the fourth anniversary of the Effective Date;

vi. The FNB AG Production Loan Documents including FNB's security interest in the FNB AG Loan Collateral shall remain in full force and effect, except as modified herein;

vii. The Reorganized Debtor and Kathleen Lester, or the Lester Family Trust, if it is the owner, shall execute and deliver the FNB AG Production Loan Junior Deed of Trust which shall be recorded on the Effective Date. Any provisions of the FNB AG Production Loan Junior Deed of Trust or the FNB AG Production Loan Documents that create a default or other adverse consequence by the SPE's, the Reorganized Debtor's and/or Kathleen Lester's financial situation or solvency after the Effective Date are deleted and shall have no force and effect.

1 Notwithstanding the forgoing, any Post-Effective Date breach of any provision of the FNB AG  
2 Production Loan Junior Deed of Trust or the FNB AG Production Loan Documents requiring the  
3 maintenance of insurance on the Putah Creek Ranch or the payment of ad valorem property taxes  
4 on the Putah Creek Ranch that is not cured in accordance with Section 6.13 herein, shall also  
5 constitute an FNB Material Non-Payment Default and allow FNB to proceed with its Plan remedies  
6 also under Section 6.13 herein. Additionally, upon any Post-Effective Date breach of any  
7 environmental provisions relating to the Putah Creek Ranch contained in the FNB AG Production  
8 Loan Documents or under the FNB AG Production Loan Junior Deed of Trust, FNB may move the  
9 Court for a determination that such breach is an FNB Material Non-Payment Default, and if  
10 determined so by the Court, FNB shall be allowed to enforce any of its rights and remedies under  
11 the FNB AG Production Loan Documents and/or the FNB Ag Production Loan Junior Deed of  
12 Trust. Notwithstanding any notice and cure provisions under Section 6.13, upon the occurrence of  
13 a Post-Effective Date FNB Payment Default or an FNB Non-Payment Default, FNB may move the  
14 Court to determine whether the FNB Non-Payment Default is an FNB Material Non-Payment  
15 Default, and also to request immediate relief if FNB reasonably believes such relief is necessary to  
16 protect and preserve its collateral. Any FNB Payment Default or FNB Material Non-Payment  
17 Default under the FNB RE Loan and/or the FNB HELOC Loan will constitute a FNB Payment  
18 Default or FNB Material Non-Payment Default under the FNB AG Production Loan;

19               viii. Upon the recordation of the FNB AG Production Loan Junior Deed of  
20 Trust, except for fixtures on or relating to the Putah Creek Ranch, FNB's security interest in the  
21 FNB AG Production Collateral shall no longer secure the FNB AG Production Loan, at which time  
22 the balance due on the FNB AG Production Loan shall only be secured by the FNB AG Production  
23 Loan Junior Deed of Trust and any fixtures on the Putah Creek Ranch, and the FNB Reserve  
24 Account;

25               ix. Any provision of the FNB AG Production Loan Documents that  
26 conflicts in any way with the language and intent of this Plan shall be null and void; and

27               x. Any dispute with respect to the treatment of FNB under this Plan may  
28 be resolved by the Court by motion.

b. FNB AG Production Loan's Treatment if FNB Rejects Plan:

If FNB rejects the Plan the treatment of the FNB AG Production Loan shall be the same as provided in Section 4.4.a. above, except as follows:

i. If it has not already been resolved prior to or at the Confirmation Hearing, the Court shall determine after the Confirmation Date whether the FNB AG Loans are fully secured or under-secured, and if under-secured, the Court shall estimate the amount of FNB's Secured Claim and FNB's Unsecured Claim pursuant to a motion to be filed by the Debtor in Possession prior to or at the Confirmation Hearing. If FNB's AG Loans are not fully secured, then no attorneys' fees or post-petition interest shall accrue on the FNB AG Loans, including both the FNB AG Production Loan and the FNB AG Asset Based LOC. In that case, FNB's Unsecured Claim shall be treated as a Class 10 or 11 claim. If FNB's AG Loans are fully secured by the collateral for the FNB AG Loans, FNB's Attorneys' Fees and Costs shall be added pro rata to the principal balance of the FNB Loans on the Effective Date, but only to the extent that FNB's Secured Claim exceeds the value of the FNB AG Loans Collateral.

ii. Section 4.4.a.ii. is modified to provide that the interest rate on the FNB AG Production Loan shall be fixed at 6% per annum compounded monthly, or such higher or lower interest rate that the Court may determine at the Confirmation Hearing, based on the then-applicable reference interest rates and other applicable risk factors necessary for Confirmation;

iii. Section 4.4.a.iii. is modified to provide that the FNB AG Production Loan shall be restructured as a term loan with a thirty-year amortization commencing on the Effective Date;

iv. Section 4.4.a.v. is modified to provide that all unpaid interest, principal, and attorney's fees and costs shall be due and payable, without any prepayment penalty, on or before January 1, 2029.

v. Notwithstanding anything to the contrary in this Plan and/or in the language of the FNB AG Production Loan Junior Deed of Trust, the FNB AG Production Loan Junior Deed of Trust shall be fully and completely subordinated to the homestead exemption of the Debtor in Possession and his wife, Kathleen Lester.

vi. Notwithstanding anything to the contrary in this Plan, FNB shall be prohibited and barred by the Plan Injunction from commencing any act to recover on the FNB AG Production Loan including but not limited to foreclose on or recover on its collateral for the FNB AG Production Loan unless there is a FNB Payment Default with respect to the FNB AG Production Loan or an FNB Material Non-Payment Default with respect to the FNB AG Production Loan.

**4.5 Class 2D (Impaired FNB AG Asset Based LOC—Approx. \$5M plus post-petition attorney's fees and costs if Allowed)**

a. If FNB Accepts Plan:

i. FNB Asset Based LOC Claim shall be an Allowed Secured Claim in the full amount of the FNB Asset Based Loan Claim, plus all unpaid post-petition interest thereon, and the FNB Pro Rated Attorneys' Fees and Costs allocable to the FNB Asset Based LOC, provided that the total of FNB's Attorneys' Fees and Costs shall not exceed \$500,000. All unpaid interest as of the Effective Date and the FNB Pro Rated Attorneys' Fees and Costs allocable to the FNB Asset Based LOC and shall be added to the principal balance of the FNB Asset Based LOC on the Effective Date;

ii. The interest rate on the FNB AG Asset Based LOC shall be fixed at 6.75% per annum compounded monthly;

iii. The FNB AG Asset Based LOC shall be restructured as a term loan with a thirteen-year amortization commencing on the Effective Date;

iv. Payments shall be made monthly in arrears commencing on October 1, 2021, and on the first day of each month thereafter;

v. All unpaid interest, principal, and Allowed attorney's fees and Allowed costs shall be due and payable on or before (without any prepayment penalty) the fourth anniversary of the Effective Date;

vi. FNB shall retain its security interest in the FNB AG Loan Collateral and the existing FNB Asset Based LOC Documents including its security interest in the FNB AG Loan Collateral shall remain in full force and effect, except that any security interest in any fixtures owned by the SPE and/or attached to or located on the SPE Designated Properties shall

1 be deemed released on the Effective Date. In addition, effective on the Effective Date, and  
2 notwithstanding Bankruptcy Code Section 552, FNB's security interest in the FNB AG Loan  
3 Collateral shall attach to all FNB AG Loan Collateral that has been or will be acquired or created,  
4 or has arisen or will arise, after the Petition Date, including after the Effective Date, including any  
5 crops growing or to be grown on the SPE Designated Properties and the Putah Creek Ranch, but  
6 excluding any fixtures attached to or located on the SPE Designated Properties;

7           vii. The FNB Asset Based LOC shall also be secured by the SPE Profits  
8 and Distributions Pledge Agreement, in a third-priority position, junior to FNB Super-Priority  
9 Administrative Claim and the Voluntarily Deferred Allowed Administrative Claims;

10           viii. The FNB Asset Based LOC Documents shall be modified to  
11 eliminate all reporting obligations arising from or related in any way to the FNB Asset Based LOC  
12 Documents. FNB shall retain all enforcement rights arising from or related in any way to the FNB  
13 Asset Based LOC Documents or the FNB AG Loan Collateral but shall be limited to enforcement  
14 only in the event of an FNB Material Default. As a condition to enforcement of its remedies under  
15 the FNB Asset Based LOC Documents on the basis of an FNB Non-Payment Default or Plan  
16 Default, FNB must obtain an order from the Court determining that such FNB Non-Payment  
17 Default or Plan Default constitutes an FNB Material Non-Payment Default or FNB Material Plan  
18 Default. Notwithstanding any notice and cure provisions under Section 6.13, upon the occurrence  
19 of an FNB Material Default, FNB may move the Court for immediate relief if it reasonably  
20 believes such relief is necessary to protect and preserve its collateral. In lieu of the prior reporting  
21 obligations, the Reorganized Debtor and/or the SPE shall:

22           (1) Not sell any equipment securing the FNB Asset Based LOC  
23 without obtaining prior FNB's written consent, which consent shall not be unreasonably withheld,  
24 and which consent may be conditioned on payment of 100% of the proceeds from such equipment  
25 sale to FNB at the time of such sale. Any net proceeds from the sale of equipment shall be applied  
26 to the principal balance of the FNB Asset Based LOC. FNB shall release its security interest in  
27 equipment upon payment of \$2,000,000, from any sources, against the principal balance of the  
28 FNB Asset Based LOC;

1 (2) Prepare and submit monthly inventory reports to FNB in the  
2 form provided customarily provided prior to November 2020 plus monthly inventory reports  
3 broken down by crop year;

4 ix. Any provision of the FNB Asset Based LOC's Documents that  
5 conflicts in any way with the language and intent of this Plan shall be null and void;

6 x. Any dispute with respect to the treatment of FNB under this Plan  
7 may be resolved by the Court by motion.

8 xi. At any time the principal balance of the FNB Asset Based LOC is  
9 reduced by \$500,000 or more through payment of SPE Excess Profits, SPE Sale Excess Proceeds,  
10 or sale of equipment or from any other sources, the Reorganized Debtor shall be entitled to have  
11 the principal and interest payments to be made under the FNB Asset Based LOC to be adjusted to  
12 an amount required to amortized the then remaining principal balance of the FNB Asset Based  
13 LOC over the remainder of the thirteen year amortization period.

14 xii. On the Effective Date, all claims of that the Pre-Petition Debtor, the  
15 Debtor in Possession the Reorganized Debtor and Kathleen Lester have or hold against FNB, or  
16 any of FNB's officers, employees, shareholders, directors, agents, attorneys, or insures, whether  
17 known or unknown will be deemed released and waived, such waiver to include a waiver of the  
18 benefits conferred by California Civil Code Section 1542, provided that such waiver and release  
19 shall not be deemed to be a waiver of any of FNB's obligations to the Reorganized Debtor and  
20 Kathleen Lester under the terms of this Plan. Pursuant to the forgoing waiver and release, the  
21 Reorganized Debtor and Kathleen Lester shall file a request for dismissal in the FNB State Court  
22 Action dismissing the Lester Cross-Complaint with prejudice. On or after the Effective Date, FNB  
23 shall dismiss FNB State Court Action without prejudice. No party to the FNB State Court Action  
24 shall be deemed a prevailing party in the FNB State Court Action.

25 b. If FNB Rejects Plan:

26 If FNB rejects the Plan the treatment of the FNB Asset Based LOC shall  
27 be the same as provided in Section 4.5.a. above, except as follows:

28 ///

1                   i.       If it has not already been resolved prior to or at the Confirmation  
2 Hearing, the Court shall determine after the Confirmation Date whether the FNB AG Loans are  
3 fully secured or under-secured, and if under-secured, the Court shall estimate the amount of FNB's  
4 Secured Claim and FNB's Unsecured Claim pursuant to a motion to be filed by the Debtor in  
5 Possession prior to or at the Confirmation Hearing. If FNB's AG Loans are not fully secured, then  
6 no attorneys' fees or post-petition interest shall accrue on the FNB AG Loans, including both the  
7 FNB AG Production Loan and the FNB Asset Based LOC. In that case, FNB's Unsecured Claim  
8 shall be treated as a Class 10 or 11 claim. If FNB's AG Loans are fully secured, post-petition  
9 interest and FNB's Attorneys' Fees and Costs shall be added to the FNB AG Loans, but only to  
10 the extent that FNB's Secured Claim exceeds the value of the FNB Ag Loan Collateral.

11                   ii.       Section 4.5.a.ii is modified to provide that the interest rate on the  
12 FNB Asset Based Loan shall be fixed at 6% per annum compounded monthly, or such higher or  
13 lower interest rate that the Court may determine at the Confirmation Hearing, based on the then-  
14 applicable reference interest rates and other risk factors, as needed for Confirmation;

15                   iii.       Section 4.5.a.iii. is modified to provide that the FNB Asset Based  
16 LOC shall be restructured as a term loan with a thirty-year amortization commencing on the  
17 Effective Date;

18                   iv.       Section 4.5.a.v is modified to provide that all unpaid interest,  
19 principal, and attorney's fees and costs shall be due and payable on or before (without any  
20 prepayment penalty) January 1, 2029;

21                   v.       Section 4.5.a.xii is deleted and the Reorganized Debtor shall retain  
22 any and all known and unknown claims against FNB; and

23                   vi.       Notwithstanding anything to the contrary in this Plan, FNB shall be  
24 prohibited and barred by the Plan Injunction from commencing any act to recover on the FNB  
25 Asset Based LOC including but not limited to foreclose on or recover on its collateral for the FNB  
26 Asset Based LOC unless there is a FNB Payment Default with respect to the FNB Asset Based  
27 LOC or an FNB Material Non-Payment Default with respect to the FNB Asset Based LOC.

28 ///

#### 4.6 Class 3 (Impaired FMCC Loan)

The FMCC Loans shall be treated as follows:

a. Except as modified herein, all the loan security and perfection documentation underlying the FMCC Loan(s) shall remain in full force and effect.

b. Any provisions of the FMCC Loan Documents that create a default or other adverse consequence by the SPE's, the Reorganized Debtor's and/or his wife's financial situation or solvency after the Effective Date, or that was an uncured non-monetary default as of the Petition Date are deleted and shall have no force and effect.

c. Commencing on May 2, 2021, the Reorganized Debtor or, if applicable, the Effective Date, the Debtor in Possession shall resume making regularly scheduled payments to FMCC in the \$848.13 amount provided for in the FMCC Loan Documents pursuant to the same non-default interest rate, term, and payment amounts set forth in the documents underlying the FMCC Loan Documents.

d. The FMCC Missed Payments and Costs shall be paid on or before July 15, 2021, with interest from the Effective Date at the non-default rate.

#### 4.7 Class 4 (Impaired John Deere Loans)

The John Deere Loans shall be treated as follows:

a. Except as modified herein, all the loan security and perfection documentation underlying the John Deere Loans shall remain in full force and effect.

b. After the Effective Date, the Reorganized Debtor shall continue to make all monthly and annual payments when due as set forth in the documents underlying the three sets of John Deere Loan Documents for each John Deere Loan except for (a) until the John Deere Missed Payments and Costs are fully paid, the interest rate shall be 50% of the default interest rate of 20%, or 10% per annum, until (b) after the John Deere Missed Payments and Costs are fully paid, the interest rate on any unpaid balance due on the John Deere Loans shall return to applicable contract rates for such loans.

c. After the Effective Date, the John Deere Loans shall bear interest at 10% per annum until the John Deere Missed Payments and Costs are paid in full. The allocated portion

1 of the John Deere Missed Payments and Costs on each of the three John Deere Loans shall be paid  
2 on or before the maturity date of each of the respective John Deere Loans. If the total amount of  
3 the John Deere Missed Payments and Costs are paid prior to the last maturity date for any of the  
4 three John Deere Loans, the interest rates on the remaining unmatured portion of the John Deere  
5 Loans shall revert to the applicable loan's contract rate.

6 d. John Deere shall have relief from the automatic stay and any applicable  
7 Plan injunction to recover its collateral upon the existence of an uncured payment default to John  
8 Deere.

#### 9 **4.8 Class 5 (Impaired Yolo County Real Property Tax Claim)**

10 The Class 5 Yolo County Property Tax Claim shall be repaid by the Reorganized  
11 Debtor over a five-year period in accordance with Sections 1129(a)(9)(C) and (D) of the  
12 Bankruptcy Code with annual interest paid at the applicable rate under Section 1129 of the  
13 Bankruptcy Code, with such payments commencing on October 1, 2022, and on October 1 of each  
14 year thereafter, and principal and any interest due paid on the sale of any property subject to the  
15 Yolo County Real Property Tax Lien. The Reorganized Debtor shall pay all remaining interest and  
16 principal due on or before the fifth anniversary of the Effective Date.

#### 17 **4.9 Class 6 (Impaired Solano County Real Property Tax Claim)**

18 The Class 6 Solano County Property Tax Claim in the approximate amount of  
19 \$48,000 shall be repaid by the Reorganized Debtor over a five-year period in accordance with  
20 Sections 1129(a)(9)(C) and (D) of the Bankruptcy Code with annual interest paid at the applicable  
21 rate under Section 1129 of the Bankruptcy Code, with such payments commencing on October 1,  
22 2022, and on October 1 of each year thereafter, and principal and any interest due paid on the sale  
23 of any property subject to the Solano County Real Property Tax Lien. The Reorganized Debtor, or  
24 if applicable, the SPE shall pay all remaining interest and principal due on or before the fifth  
25 anniversary of the Effective Date.

#### 26 **4.10 Class 7 (Impaired 2019 Grower Claims)**

27 The Debtor in Possession believes no further sums are due to the 2019 Growers, and  
28 they shall be treated as follows:

1           a.     The 2019 Growers who do not pursue or file any claim in the Case will be  
2 deemed to have received a release from any claim held by the Debtor in Possession that the  
3 payments made to them in 2019 and 2020 on account of the 2019 walnut season purchases by the  
4 Prepetition Debtor exceeded the reasonable value of the walnuts delivered.

5           b.     Any 2019 growers who elect to file proofs of claim or adversary actions to  
6 determine the allowability of a 2019 Grower Claim shall, if successful in the litigation, be treated  
7 either as a General Unsecured Creditor in Class 10 or as an "Other Secured Creditor" in Class 9.  
8 The Reorganized Debtor will retain any and all known and unknown claims against such 2019  
9 Growers who file or otherwise assert claims in the Case.

10           **4.11 Class 8 (Impaired SBA's EIDL Secured Claim)**

11           The SBA's EIDL Secured Claim shall be treated as follows:

12           a.     Except as modified herein, all the loan security and perfection  
13 documentation underlying the SBA loan shall remain in full force and effect.

14           b.     Any provisions of the SBA Loan Documents that would create a Post-  
15 Effective Date event of default arising from (a) any financial solvency requirement for the  
16 Reorganized Debtor, his wife, or any related entity, including but not limited to the SPE, (b) any  
17 cross-default with respect to any payment to any other creditor under this Plan or otherwise, and/or  
18 (c) any uncured non-monetary default under the SBA Loan Documents as of the Effective Date,  
19 are deleted and shall have no force and effect.

20           c.     The Reorganized Debtor may, after the Effective Date, obtain a new  
21 working capital loan and grant such new lender a lien on the Reorganization Debtor's inventory,  
22 equipment, and accounts receivable senior to the present lien of the SBA's EIDL Secured Claim  
23 so long as (a) the Debtor in Possession gives the SBA at least a ten (10) day written notice of the  
24 new working capital loan, and (b) the amount that will prime and be senior to the SBA's EIDL  
25 Secured Claim may not exceed the lesser of \$8,000,000, or the amount then owed under the FNB  
26 Asset Based LOC.

27     ///

28     ///

1 d. If there is a Post-Effective Date dispute as to whether a specific proposed  
2 Post-Confirmation new working capital priming loan may or may not be allowable under this  
3 Class treatment, the Court may determine such dispute by motion.

4 **4.12 Class 9 (Impaired Other Secured Creditors)**

5 Other Secured Creditors, if any, shall be deemed to be in separate classes (e.g., Class  
6 9a, 2b, etc.), but the treatment shall be the same. Each Other Secured Creditor holding an Allowed  
7 Other Secured Claim may proceed against their collateral, but only to the extent that valid and  
8 perfected security interests or liens exist. To avoid an “Other Secured Creditor” proceeding against  
9 their collateral, the Reorganized Debtor, thirty (30) days after the later of the Effective Date or the  
10 date an Other Secured Creditor serves notice on the Reorganized Debtor of an intent to proceed  
11 against their collateral, the Reorganized Debtor has the right to cure any unpaid payments and  
12 thereafter perform in accordance with the loan and security documents. Any deficiency claim shall  
13 be a Class 11 General Unsecured Claim, but only to the extent a proof of Claim was timely filed  
14 and is an Allowed Claim.

15 **4.13 Class 10 (Impaired Convenience Class of General Unsecured Creditors)**

16 Any creditor holding an Allowed General Unsecured Claim that would otherwise be  
17 treated in Class 11 has the option pursuant to Section 1122(b) of the Bankruptcy Code to accept  
18 25% in full satisfaction of the Allowed General Unsecured Claim as follows:

19 a. To exercise this Class 10 convenience class option, the holder of an  
20 Allowed General Unsecured Claim must affirmatively sign and return the election form served  
21 with the Plan, Disclosure Statement, and Ballot.

22 b. If a creditor holding an Allowed General Unsecured Claim does not vote  
23 or does not select on its Ballot to accept or reject this convenience class option, the Debtor in  
24 Possession may, based on his sole discretion and based on the availability of funds, deem such  
25 unsecured creditors to have elected to accept this treatment. A creditor that did not elect to accept  
26 or reject this convenience class option shall have sixty (60) days to return the convenience class  
27 payment, and such creditor will be thereafter treated as a General Unsecured Creditor in Class 11.

28 ///

1 c. The Reorganized Debtor shall pay the 25% Class 10 Convenience Class  
2 Allowed Claim payments from available funds on or before December 31, 2021.

3 d. If insufficient funds exist to pay all Allowed General Unsecured Claims  
4 that opt into this Class 10 Convenience class, the Reorganized Debtor shall begin with the smallest  
5 General Allowed General Unsecured Claims that made the election and make distributions to  
6 progressively larger Allowed General Unsecured Claims until the Reorganized Debtor's available  
7 funds are exhausted.

8 e. Any Allowed General Unsecured Claims that opted to receive the 25%  
9 payment, but, due to the unavailability of funds to make such payments, does not receive the 25%  
10 payment, shall be treated as a Class 11 Allowed General Unsecured Claim.

11 **4.14 Class 11 (Impaired Class of General Unsecured Creditors)**

12 a. The Reorganized Debtor and/or the Lester Family Trust shall make annual  
13 interest payments commencing on October 1, 2022 and on October 1 of each year thereafter, with  
14 interest accruing at the Federal Judgment Rate as of the Petition Date (0.13% per annum as  
15 published in the webpage: <https://www.casb.uscourts.gov/post-judgment-interest-rates-2020>).

16 b. The Reorganized Debtor and/or the Lester Family Trust shall make annual  
17 ten percent (10%) principal payments to each holder of an Allowed General Unsecured Claim.  
18 The annual principal payments shall be made commencing on October 1, 2022, and on October 1  
19 of each year thereafter.

20 c. If there is an uncured Plan Default with respect to Section 4.13 Class 11,  
21 the holders of Allowed General Unsecured Claims treated in Class 11 may use the enforcement  
22 provisions in the loan or credit documents held by individual creditors to enforce the Allowed  
23 Amount of their General Unsecured Claims against the Reorganized Debtor and/or the Lester  
24 Family Trust.

25 d. The Claims of the Class 11 General Unsecured Creditors shall be secured  
26 by the SPE Profits and Distribution Pledge Agreement junior in priority to the FNB Super-Priority  
27 Administrative Claim, the Voluntarily Deferred Allowed Administrative Claims, and the FNB  
28 AG Asset Based LOC. Notwithstanding the foregoing, in no event shall such creditors receive or

1 be provided with a pledge or assignment of, or a security interest in, any equity, ownership,  
2 management, or control interest in the SPE or any of its direct or indirect members or managers  
3 or any of SPE's assets.

4 e. If FNB Accepts the Plan, on or before the fifth anniversary of the Effective  
5 Date, the Reorganized Debtor shall pay off all outstanding principal and interest due to the Class  
6 11 General Unsecured Creditors.

7 f. If FNB Rejects the Plan, on or before January 1, 2029, the Reorganized  
8 Debtor shall pay off all outstanding principal and interest due to the Class 11 General Unsecured  
9 Creditors.

10 g. All provisions of the loan or credit documentation of the General  
11 Unsecured Creditors shall be null and void during the period there is no Plan Default with respect  
12 to the treatment of Class 11. The Proofs of Claim filed, any pleadings determining the Allowed  
13 amount of a General Unsecured Claim, the Confirmation Order, and the Plan shall replace all  
14 Prepetition documentation of the General Unsecured Creditors.

#### 15 **4.15 Class 12 (Impaired Ownership Interests)**

16 Russell Wayne Lester shall remain the operator and manager of the Reorganized  
17 Debtor's business, and he and his wife, Kathleen H. Lester, shall retain 100% of their Ownership  
18 Interests in the Property of the Estate to the extent not otherwise transferred to the Lester Family  
19 Trust or the SPE under this Plan, which Ownership Interests shall revert in the Reorganized Debtor  
20 on the Effective Date and, after the Effective Date, all Post-Confirmation Property of Reorganized  
21 Debtor and 100% ownership interest in the Lester Family Trust shall remain the continuing  
22 community property of the Reorganized Debtor and Kathleen H. Lester. Notwithstanding anything  
23 the contrary in this Plan, and in consideration of the execution by Kathleen H. Lester of the FNB  
24 AG Production Loan Junior Deed of Trust, which will subordinate her homestead exemption to the  
25 FNB AG Production Loan Junior Deed of Trust as well as assuming all the other obligations and  
26 duties to creditors as set forth in this Plan, the Reorganized Debtor shall release of any and all  
27 Avoidance Actions against the children of Russell Wayne Lester and Kathleen Lester effective  
28 upon the later of the recordation of the FNB AG Production Loan Junior Deed of Trust or the

1 Effective Date.

2 **4.16 Cramdown**

3 Pursuant to Section 1129(b) of the Bankruptcy Code, the Debtor in Possession  
4 reserves the right to seek confirmation of the Plan despite the rejection of the Plan by one or more  
5 Classes.

6 **ARTICLE V**  
7 **UNIMPAIRED AND IMPAIRED CLASSES**

8 All Classes are impaired under this Plan.

9 **ARTICLE VI**  
10 **MEANS FOR IMPLEMENTATION OF THE PLAN**

11 On the Effective Date, all transactions under the Plan shall be consummated, and control  
12 of the Estate will immediately change from the Debtor in Possession to the Reorganized Debtor.

13 **6.1. Preservation of Defenses and Retained Claims and Defenses**

14 A “Retained Claim and Defense” shall mean all claims, rights, interests, causes  
15 of action, defenses, counterclaims, cross-claims, third-party claims, or rights of offset,  
16 recoupment, subrogation or subordination, and including all Avoidance Actions, held by the  
17 Debtor in Possession or its Estate with respect to the Prepetition Debtor, the Reorganized Debtor,  
18 the Retained Assets, or the Estate against any party whether or not pending on the Effective Date,  
19 not otherwise released or settled before the Effective Date.

20 Except as otherwise provided herein, as of the Effective Date, each and every  
21 Retained Claim and Defense, whether or not pending or filed as of the Effective Date, shall be  
22 deemed fully preserved and retained by the Reorganized Debtor, including but not limited to the  
23 counterclaim and other claims arising from the same facts and circumstances against FNB if FNB  
24 Rejects Plan. Additionally, all the described potential claims and causes of action listed in an  
25 exhibit to or in the Disclosure Statement are hereby incorporated by reference with the same force  
26 and effect as if set forth fully herein.

27 Any Avoidance Action under applicable state or federal law of any kind and  
28 nature to recover transfers from the Prepetition Debtor to Insiders, as defined in the Bankruptcy

Code, shall be assigned to the Lester Family Trust, and the trustee of the Lester Family Trust shall have the sole and exclusive responsibility to investigate and bring such actions. On or before March 31, 2022, the Lester Family Trust shall either (i) file such Avoidance Actions, (ii) settle such Avoidance Actions subject to Court approval, or (iii) if the Lester Family Trust determines that such Avoidance Actions have no merit, seek Court approval (a) not to file such avoidance actions or (b) enter into a Tolling Agreement and file a motion with the Court to approve such Tolling Agreement, that tolls and extends any statute of limitations on such Avoidance Actions, until December 31, 2026. Notwithstanding the transfer of any Avoidance Action to the Lester Family Trust, upon conversion of this Case to a case under Chapter 7 of the Bankruptcy Code or upon the appointment of a Chapter 11 Trustee, the sole and exclusive responsibility to investigate and bring such Avoidance Actions shall vest in the Chapter 7 Trustee or the Chapter 11 Trustee, as applicable. Any net recoveries on Avoidance Actions after the payment of attorneys' fees and costs shall be distributed by the Lester Family Trust as an additional principal payment on the Allowed Claims of Class 11 General Unsecured Creditors.

#### **6.2. Reorganized Debtor Powers and Duties**

The Reorganized Debtor shall have the authority and be responsible for the implementation of the Plan, including but not limited to objecting to claims, operating the business, and making real estate sales as necessary to meet the payment obligations under this Plan. The Reorganized Debtor shall have all powers and duties under federal and California law to implement the terms and provisions of this Plan. The Reorganized Debtor shall be authorized to execute such other documents as are necessary and appropriate to carry out the provisions of this Plan, without the necessity of filing such documents with the Court or obtaining approval for actions in or outside the ordinary course of business.

#### **6.3. Formation of the SPE and Transfer of Assets to the SPE**

The Reorganized Debtor shall have the power to create the SPE and to transfer the SPE Designated Properties to the SPE upon formation in accordance with the provisions of this Plan as soon as possible after the Effective Date. The SPE shall be, and shall at all times remain, a pass through or disregarded entity for tax purposes with all taxable income attributed to the Lester Family Trust.

1 The SPE and its managers shall be prohibited from filing Form 8832, or any other form or return  
2 that would cause the SPE to be treated as a taxable corporation.

3 **6.4. Execution and Delivery of the SPE Profits and Distributions Pledge Agreement**

4 On or prior to the Effective Date, the SPE Profits and Distribution Pledge  
5 Agreement shall be executed by all the Trustees of the Lester Family Trust and the beneficiaries  
6 of the Lester Family Trust, as necessary to create a valid and enforceable pledge of the right to  
7 receive the SPE Profits and Distributions. The SPE Profit and Distributions Pledge Agreement  
8 shall also include all documents, resolutions and agreements that may be required to evidence  
9 and/or establish the authority of any party to the SPE Profits and Distributions Pledge Agreement  
10 to executed and deliver the SPE Profits and Distributions Pledge Agreement. The SPE Profits and  
11 Distributions Pledge Agreement shall grant a pledge to the SPE Profits and Distribution Pledge  
12 Holders, of the right to receive the SPE Profits and Distributions to secure the following respective  
13 claims, in the following priority: (1) FNB shall hold a pledge of the rights to receive the SPE  
14 Profits and Distributions to secure the FNB Super-Priority Administrative Claim, in a first-priority  
15 position; (2) the other holders of the Voluntarily Deferred Allowed Administrative Claims shall  
16 hold a pledge of a right to receive the SPE Profits and Distributions to secure their respective  
17 Allowed Administrative Claims in a second-priority position, junior to the FNB Super-Priority  
18 Administrative Claim; ( 3) FNB shall hold a pledge of the right to receive the SPE Profits and  
19 Distributions to secure the FNB Asset Based LOC in a third-priority position, junior to the FNB  
20 Super-Priority Administrative Claim, and the other Allowed Administrative Claims; and (4) the  
21 Class 11 General Unsecured Clams shall hold a pledge of the rights to receive the SPE Profits and  
22 Distributions to secure their respective Allowed claims in a fourth-priority position, junior to FNB  
23 Super-Priority Administrative Claim, the other Voluntarily Deferred Allowed Administrative  
24 Claims, and the FNB Asset Based LOC. Perfection shall be automatic upon the Effective Date  
25 without the need for the filling of a UCC-1 Financing Statement. The Court shall retain exclusive  
26 jurisdiction to resolve any disputes respecting priority of payment among the SPE Profits and  
27 Distributions Pledge Holders. Any SPE Distributions made in payment of the Voluntarily  
28 Deferred Allowed Administrative Claims shall be made directly to the holders of the Voluntarily

1 Deferred Allowed Administrative Claims on a pro rata basis. Any SPE Distributions made in  
2 payment of the Class 11 General Unsecured Claims shall be made directly to the holders of the  
3 Class 11 General Unsecured Claims on a pro rata basis.

4 **6.5. Formation and Transfer of Assets of the Lester Family Trust**

5 The Reorganized Debtor shall have the power to create the Lester Family Trust  
6 and to transfer the ownership interests of the SPE to the Lester Family Trust upon formation in  
7 accordance with the provisions of this Plan as soon as possible after the Effective Date. The Lester  
8 Family Trust shall be considered an irrevocable spendthrift grantor trust that is disregarded as a  
9 separate entity by the IRS and shall be fully and completely liable for all the Allowed Claims of  
10 any kind and nature in the Chapter 11 Case (except to the extent that the SPE is solely liable for  
11 the Prudential Secured Claim and any other obligations owed to Prudential, as more fully set forth  
12 in this Plan) and all Post-Effective Date Claims against the Reorganized Debtor. The Lester  
13 Family Trust and its trustees shall have the same fiduciary duties and obligations as the Debtor in  
14 Possession and the Reorganized Debtor with respect to the Creditors and the Bankruptcy estate.  
15 The creation of this entity is for testamentary purposes to avoid probate upon the death of either  
16 Russell Lester or Kathleen Lester and to provide a structure to allow the SPE Profits and  
17 Distributions Pledge Holders who are creditors in this Case to receive a pledge of the right to  
18 receive the SPE Profits and Distributions pursuant to the SPE Profits and Distributions Pledge  
19 Agreement as additional protection for repayment of their respective claims under this Plan. No  
20 assets of the Reorganized Debtor or Kathleen Lester, other than the ownership interests of the  
21 SPE, shall be transferred to the Lester Family Trust, without Court approval.

22 **6.6. Power of the Reorganized Debtor to Implement Plan**

23 The Reorganized Debtor shall have the power to execute all documents necessary  
24 to implement the purposes and intent of this Plan with Court approval or with the consent of  
25 Prudential and FNB without the necessity of a Court order. The Debtor in Possession may modify  
26 the form of the SPE and the Lester Family Trust documentation, subject to and to the extent  
27 consistent with the terms of this Plan, prior to the Effective Date with Court approval or with the  
28 consent of Prudential and FNB without the necessity of a Court order.

1           **6.7. SPE Farming Lease(s)**

2           On or prior to the Effective Date the Debtor in Possession or the Reorganized Debtor  
3 as lessee, and the SPE as lessor shall execute the SPE Farming Lease(s), which shall generally  
4 provide that the Reorganized Debtor or a successor entity may farm the SPE Designated Properties  
5 and as otherwise in accordance with Section 4.1(vi) hereof.

6           **6.8. Management of the SPE**

7           The SPE formation documents to be filed with the Plan Supplement shall designate  
8 the identity of the initial SPE Independent Manager as of the Effective Date. The SPE shall be  
9 managed in accordance with the provisions of this Plan.

10          **6.9. Compensation of SPE Independent Manager**

11          The SPE Independent Manager's costs, including but not limited to the SPE  
12 Independent Manager's compensation and any professionals retained by the SPE Independent  
13 Manager, will be compensated from an initial retainer to be funded by the Debtor in Possession on  
14 or prior to the Effective Date in the amount of \$25,000 and proceeds from sales of the SPE  
15 Designated Properties and the Conservation Easement, as set forth in Section 4.1.iv.4) and 5). The  
16 SPE Independent Manager's \$25,000 retainer may be replenished three times annually in 2021,  
17 2022, and 2023 from the Prudential Reserve as defined in Section 1.131 of this Plan. The SPE  
18 Independent Manager's retention agreement shall include the terms of engagement, but the hourly  
19 rate shall be capped at \$350 plus reasonable expenses. The compensation may be paid by the SPE  
20 without the filing of a fee application but is subject to review by the Reorganized Debtor Prudential  
21 and FNB. Any party may file a motion with the Court to object to the reasonableness of the fees  
22 and costs (including but not limited to any professional fees and costs incurred by the SPE  
23 Independent Manager) that are sought to be paid by the SPE Independent Manager. Even if no  
24 objection exists, the SPE Independent Manager may, but is not required to, independently seek  
25 Bankruptcy Court approval of the reasonableness and necessity of the billings and costs.

26          **6.10. Reorganized Debtor Compensation**

27          The Reorganized Debtor may use up to \$120,000 per year from the business  
28 operations of the Reorganized Debtor's farming operations to compensate himself for his

1 management of the business Post-Effective Date so long as taking such compensation does not  
2 lead to a Plan Default.

3 **6.11. Limitation of Liability**

4 To the fullest extent allowed by applicable law, the Reorganized Debtor and the  
5 SPE Independent Manager shall have no liability for any error of judgment made in good faith in  
6 connection with the implementation of this Plan, other than because of gross negligence or willful  
7 misconduct. In performing his duties hereunder, the Reorganized Debtor may consult with counsel  
8 and other Professionals selected by him at the expense of the Estate.

9 **6.12. Approval of Transactions Outside of the Ordinary Course**

10 The Reorganized Debtor need not obtain approval of the Court for the exercise of  
11 any legal actions under California law and/or taken pursuant to the powers granted in this Plan  
12 inside or outside the ordinary course of business Post-Effective Date. But if the Reorganized  
13 Debtor believes that obtaining approval for an action outside the ordinary course of business is in  
14 the best interests of the creditors and parties in interest in the Case, the Reorganized Debtor may  
15 seek approval for such actions.

16 **6.13. Plan Default**

17 Except as otherwise set forth in Section 4.1(vii) and (viii), if the Reorganized  
18 Debtor or the SPE or the Lester Family Trust fails to make any payment or to perform any other  
19 material obligation required under the Plan, for more than fifteen (15) days after the time specified  
20 in the Plan for such payment or other performance, any member of a Class affected by the default  
21 may serve written notice of the default upon (i) the Reorganized Debtor, (ii) counsel for the  
22 Reorganized Debtor, and (iii) the SPE Independent Manager. If the Reorganized Debtor or the  
23 SPE or the Lester Family Trust fails within fifteen (15) days after the date of service of the notice  
24 of default either: (i) to cure the default; (ii) to obtain from the Court an extension of time to cure  
25 the default; or (iii) to obtain from the Court a determination that no default occurred, then the  
26 Reorganized Debtor is in material default under the Plan to all the members of the affected Class  
27 (also defined above as a "Plan Default").

28 Upon a Plan Default arising from an unpaid payment to any affected Class in which

1 the SPE, the Lester Family Trust, or the Reorganized Debtor is the obligor on a Plan payment  
2 obligation, the creditors in such Class with an uncured default shall immediately have relief from  
3 the Plan Injunction to pursue all available remedies against the Reorganized Debtor and/or the  
4 Lester Family Trust or to file a motion to convert the case to a case under Chapter 7 of the  
5 Bankruptcy Code.

6           Upon a Plan Default arising from an asserted “non-payment” obligation of the  
7 Reorganized Debtor under this Plan, the affected creditors in such Class must first obtain a Court  
8 determination that the “non-payment” defaulted obligation is material with respect to the  
9 treatment of that Class before pursuing any available remedies against the Reorganized Debtor  
10 and/or the Lester Family Trust or filing a motion to convert the case to a case under Chapter 7 of  
11 the Bankruptcy Code.

#### 12           **6.14. Distribution Procedures**

13           No payments or distributions shall be made by the Reorganized Debtor on account  
14 of Disputed Claims unless and to the extent such Claims become Allowed Claims, but the  
15 Reorganized Debtor shall reserve for the potential distribution on Disputed Claims pending  
16 resolution of the disputes. In lieu of reserving for a Disputed Claim, the Reorganized Debtor may  
17 file a motion to estimate a Disputed Claim for distribution purposes if a resolution of the dispute  
18 would unduly delay the administration of the Estate.

#### 19           **6.15. Resolution of Disputed Claims**

20           The Reorganized Debtor may file objections to Claims that have not been  
21 previously objected to as warranted. Except as otherwise provided in the Confirmation Order, the  
22 Reorganized Debtor shall be authorized to settle or withdraw any objections to any Disputed  
23 Claim following the Effective Date. The Court shall retain jurisdiction to hear and adjudicate the  
24 allowance or disallowance of Claims, as provided for in Article X of this Plan. Settled Claims  
25 shall be deemed to be Allowed Claims in the amount compromised for purposes of this Plan.

#### 26           **6.16. Allocation of Distributions**

27           Distributions to any holder of an Allowed Claim shall be allocated first to the  
28 interest amount and costs or expense due, including but not limited to any interest or expenses

1 added to the principal amount of any Allowed Claim on the Effective Date (but only to the extent  
2 that interest or expenses are an allowable portion of such Allowed Claim), and then, to the extent  
3 the consideration exceeds such amount, to the remainder of such Claim comprising principal. To  
4 the extent that this Section conflicts with the allocation of distributions to Prudential as set forth  
5 in Section 4.1 hereof, the terms of said Section 4.1 shall control with respect to Prudential.

6 **6.17. De Minimis Distributions**

7 Notwithstanding any other provision of this Plan, distributions of less than \$10.00  
8 need not be made by the Reorganized Debtor on account of any Allowed Claim, provided that the  
9 amount of such de minimis distributions that would otherwise be made but for this provision shall  
10 carry over until the next date of a distribution until the cumulative amount to which any holder of  
11 an Allowed Claim is entitled is more than \$10.00, at which time the cumulative amount of such  
12 distributions shall be paid to such holder of the subject Allowed Claim. Distributions that will not  
13 be made as of the date of a final distribution shall be treated as unclaimed funds as provided in  
14 the Plan.

15 **6.18. Unclaimed Funds**

16 Notwithstanding any other provision of this Plan, at the point at which the  
17 remaining funds consist of an amount impractical to distribute, the Reorganized Debtor shall lodge  
18 with the Court such sums as unclaimed funds under 11 U.S.C. § 347, and the Court clerk shall  
19 accept such funds notwithstanding that this Case is a Chapter 11 case.

20 **6.19. Unclaimed Distributions**

21 “Unclaimed Distributions” shall mean any Cash or other property unclaimed on or  
22 after the Effective Date or any date on which a Distribution would have been made in respect of  
23 the relevant Allowed Claim. Unclaimed Distributions shall include: (a) checks and other property  
24 returned as undeliverable without a proper forwarding address; (b) funds for checks not cashed  
25 within 60 days of mailing or delivery; and (c) checks not mailed or delivered because no address  
26 to mail or deliver such property was available.

27 Creditors have an obligation to file change of address forms with the Court and to  
28 serve such changes of address on the Reorganized Debtor and his counsel. If a Creditor fails to

1 claim any distribution of Cash within one hundred twenty (120) days from the date upon which a  
2 distribution is made, such Creditor shall be subject to having its Claim excluded from future  
3 distributions. The Reorganized Debtor may, but is not required to, file an omnibus post-  
4 confirmation motion and opportunity for hearing seeking to exclude such Creditors from future  
5 distributions and shall serve such Creditors at (a) the address for service of process for such  
6 Creditors as listed on the California Secretary of State website, if any; (b) the addresses on  
7 Creditors' Proofs of Claim, if any; (c) the addresses scheduled by the Debtor in Possession for  
8 such Creditors, if any; and (d) any addresses supplied by such Creditors in the last change of  
9 address filed with the Court, if any. Upon Court approval of the subject Creditors' forfeiture, such  
10 Cash (including any interest thereon) shall be made available for redistribution to other holders of  
11 Allowed Claims of like Class. After disallowance, such Creditors shall forfeit their rights thereto  
12 and shall have no claim whatsoever against the Retained Assets or the Reorganized Debtor, as  
13 applicable, or any holder of an Allowed Claim to whom distributions are made under this Plan. If  
14 the Reorganized Debtor elects, based on his business discretion, that the cost of filing such a  
15 motion to exclude Creditors does not reasonably exceed the benefit to other Creditors from such  
16 a motion, the Reorganized Debtor may alternatively treat such returned distributions as unclaimed  
17 funds under the Plan.

#### 18 6.20. Post-Effective Date Reports

19 Following the Effective Date, and as long as the Case remains open, the Reorganized  
20 Debtor shall prepare and submit to the Court and the Office of the United States Trustee post-  
21 confirmation reports in the form suggested by the Office of the United States Trustee for Region  
22 17 based on distributions of any of the Retained Assets. The first post-confirmation report shall be  
23 due within twenty (20) days following the end of the first calendar quarter from the Effective Date  
24 and shall be filed on a quarterly basis thereafter within twenty (20) days after the end of each quarter  
25 unless otherwise agreed by the Reorganized Debtor and the Office of the United States Trustee.

#### 26 6.21. SPE Reporting Requirements

27 The Lester Family Trust, the SPE Independent Manager or the Reorganized Debtor  
28 shall provide to Prudential and FNB and any other party who requests such information, in writing,

1 the following information:

2 i) A copy of the fully executed contract for the sale of any of the SPE  
3 Designated Properties, promptly upon entering into such contract;

4 ii) Promptly, upon the close of escrow for the sale of any of the SPE Designated  
5 Properties, a copy of the final Seller Closing Statement for that sale;

6 iii) Promptly, upon the close of escrow for any SPE Properties Refinancing, a  
7 copy of the final Borrower Closing Statement for such SPE Properties Refinancing;

8 iv) Annually, on or before March 31 of each year, the SPE Annual Reports;  
9 *provided that* the obligation to provide such SPE Annual Reports shall terminate upon the sooner  
10 to occur of (i) the sale of all SPE Designated Properties, or (ii) the payment in full of the Claims of  
11 the SPE Profits and Distribution Pledge Holders.

12 v) The SPE Final Report within ninety (90) days following the sooner to occur  
13 of (i) the sale of all SPE Designated Properties, or (ii) the payment in full of the Claims of the SPE  
14 Profits and Distribution Pledge Holders.

15 **6.22. Post-Effective Date Employment and Compensation of Professionals**

16 After the Effective Date, the Reorganized Debtor may retain and pay any existing  
17 Professionals of the Estate without further employment agreements or orders for Post-Effective  
18 Date services and expenses. Additionally, after the Effective Date, the Reorganized Debtor may  
19 hire other professionals without the requirement that such professionals file employment  
20 applications for Court approval of their employment, whether on an hourly, contingency fee or  
21 other basis and without the requirement that such professionals file applications for payment of  
22 Post-Effective Date fees and expenses on an interim or final basis.

23 **6.23. Jurisdictional Limitations on Claims re Plan Implementation**

24 Any party in interest who believes that the conduct of the Reorganized Debtor  
25 and/or any professionals employed by him is not consistent with the provisions of this Plan or  
26 believes that any claims exist against the Reorganized Debtor and/or any professionals employed  
27 by him for any conduct taken within the scope of their respective duties under the Plan, all such  
28 claims, rights, requests for relief, or enforcement of the Plan must be filed in and determined by

1 the Court. No concurrent jurisdiction shall exist for the determination or enforcement of any such  
2 rights under or arising under this Plan or claims against the Reorganized Debtor and/or any  
3 professionals employed by him, in any other state, federal, or foreign Court.

4 **6.24. Destruction of Records**

5 After the Effective Date, the Reorganized Debtor may destroy or store all books  
6 and records that are no longer necessary to complete administration under this Plan. This provision  
7 does not modify any other non-bankruptcy statutory or regulatory requirement to maintain  
8 business or personal records.

9 **6.25. Final Decree**

10 Upon the vesting of all the Property of the Estate with the Reorganized Debtor, the  
11 Reorganized Debtor may file a motion to close the Chapter 11 Case pursuant to Bankruptcy Code  
12 § 350. The closing of the Chapter 11 Case shall be without prejudice to reopening of the Chapter  
13 11 Case to assist in the accomplishment of any purposes set forth in this Plan.

14 **6.26. Post-Confirmation U.S. Trustee Fees**

15 The U.S. Trustee quarterly fees shall be budgeted for and paid by the Reorganized  
16 Debtor for each quarter (including any fraction thereof) calculated only on any distributions of the  
17 Reorganized Debtor. Upon closing of the Case, no further U.S. Trustee fees shall be due, except  
18 for any calendar quarter during which the Case may be reopened and stay open for at least three (3)  
19 consecutive months.

20 **ARTICLE VII**  
21 **EXECUTORY CONTRACTS**

22 **7.1. Plan Rejection**

23 Upon the Effective Date, any and all Executory Contracts not previously assumed  
24 and assigned by the Estate shall be rejected pursuant to the Confirmation Order, except insurance  
25 contracts, to the extent they are Executory Contracts, shall be deemed assumed on the Effective  
26 Date. "Executory Contracts" shall mean executory contracts and unexpired leases within the  
27 meaning of Section 365 of the Bankruptcy Code. A list of Executory Contracts to be assumed  
28 shall be filed with the Plan Supplement. Notwithstanding anything herein to the contrary, any and

1 all unexpired leases related to any of the SPE Designated Properties shall be assumed and may be  
2 assigned to the SPE on the Effective Date.

3 **7.2. Rejection**

4 Nothing contained herein shall constitute a waiver by the Estate or a Creditor to  
5 such contracts of the right to contend that some or all of a rejected Executory Contract is not  
6 executory or that it was not terminated earlier by agreement or operation of law. All Claims arising  
7 from the rejection of an Executory Contract pursuant to the Plan or otherwise (“Rejection  
8 Claims”) must be filed by the earlier of (a) the date that is thirty (30) days after the Effective Date  
9 as set forth in the notice of Effective Date; or (b) such other date established by the Court by which  
10 entities asserting a Rejection Claim against the Debtor in Possession must have filed a Proof of  
11 Claim (“Rejection Claim Bar Date”).

12 Any Rejection Claim not filed by the applicable Rejection Claim Bar Date shall be  
13 a disallowed Claim and shall be forever barred as a Claim against the Post-Confirmation Property  
14 and from sharing in any distribution under this Plan.

15 **ARTICLE VIII**  
16 **EFFECTIVE DATE**

17 The Effective Date is July 1, 2021.

18 **ARTICLE IX**  
19 **EFFECTS OF CONFIRMATION**

20 **9.1. Binding Effect of Plan**

21 The provisions of the confirmed Plan shall bind the Debtor in Possession, the  
22 Reorganized Debtor, the SPE, the Lester Family Trust, Kathleen Lester, all Creditors and all  
23 holders of any interest in the Property of the Estate, including but not limited to liens and  
24 community property interests, whether or not such Creditors or parties have filed Proofs of Claim  
25 or interest in the Chapter 11 Case, whether or not the Claims of such Creditors or interest holders  
26 are impaired under the Plan, and whether or not such Creditors or interest holders have accepted  
27 or rejected the Plan.

28 ///

1           **9.2. Injunction**

2           From the Effective Date until all Retained Assets are fully administered, and except  
3 as otherwise provided by the Plan, all entities who have held, hold, or may hold Claims against or  
4 interests in the Debtor in Possession or the Estate that arose prior to the Effective Date are enjoined  
5 from taking legal action against the Reorganized Debtor for the purpose of directly or indirectly  
6 collecting, recovering, or receiving payment or recovery with respect to any Claim or demand  
7 against the Reorganized Debtor, the Debtor in Possession, the SPE, the Lester Family Trust or the  
8 Estate.

9           **9.3. No Discharge**

10           Pursuant to Section 1141(d)(5) of the Bankruptcy Code, confirmation of this Plan  
11 does not operate as a discharge of the Debtor in Possession. After completion of the Plan and all  
12 payments under this Plan are completed, the Reorganized Debtor may, but is not required to file  
13 a motion for entry of a discharge.

14           **9.4. Limitation of Liability**

15           To the fullest extent allowed by law, the Reorganized Debtor will not incur any  
16 liability to any entity for any actions in good faith taken or omitted to be taken in connection with  
17 or related to the Chapter 11 Case, the investigations of potential claims, or the formulation,  
18 preparation, dissemination, implementation, confirmation or consummation of the Plan, the  
19 Disclosure Statement, or any agreement created or entered into in connection with the Plan or  
20 incident to the Chapter 11 Case, provided that the foregoing shall not exonerate the Debtor in  
21 Possession from any liability that results from an act or omission to the extent such act or omission  
22 is determined by Final Order to have constituted gross negligence or willful misconduct. This  
23 limitation of liability does not include any professionals because any liability for negligence or  
24 other misconduct in relation to the Chapter 11 Case with respect to any professionals must be  
25 raised during the final fee application process; provided, however, that nothing herein shall limit  
26 the legal immunities provided for by law to any person participating in the Chapter 11 Case.

27       ///

28       ///

**ARTICLE X**  
**RETENTION OF JURISDICTION**

Except as provided herein, from and after the Effective Date, the Court shall retain jurisdiction to the fullest extent legally permissible, including, but not limited to, for the following purposes:

- a. To administer, interpret or enforce the Plan;
- b. To hear and determine any and all adversary proceedings, contested matters, claim objections, motions, or applications pending on or filed after the Effective Date;
- c. To hear and determine any and all applications by professionals for an award of Post-Petition professional fees, and to consider and rule upon the final fee applications of the professionals as provided in this Plan, and/or to resolve any disputes respecting professional fee applications;
- d. To enter and implement such orders as may be appropriate in the event Confirmation is for any reason stayed, reversed, revoked, modified, or vacated;
- e. To modify any provision of the Plan to the extent permitted by the Bankruptcy Code and to correct any defect, cure any omission, or reconcile any inconsistency in the Plan or in the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan;
- f. To approve any compromise and settlements and/or abandonments of claims against third parties, and/or the abandonment of any Retained Asset, for which the Plan requires approval, or which the Reorganized Debtor and his bankruptcy counsel believe should be noticed to creditors;
- g. To approve any Post-Effective Date sales of assets pursuant to Section 363 of the Bankruptcy Code, and to resolve any disputes regarding any Post-Effective Date sales of assets;
- h. To issue an injunction or injunctions post-confirmation pursuant to Section 105 of the Bankruptcy Code upon a proper showing;
- i. To close the Chapter 11 Case when warranted and, when administration of the Case has been completed, to enter a discharge of the Reorganized Debtor; and
- j. To enter an order or orders reopening the Case as appropriate. Any motion to reopen the Case may be filed with or included within any motion seeking relief or a Court

1 determination of any of the above. An application for an order shortening time may be filed  
2 concurrent with a motion to reopen the Case.

3 **ARTICLE XI**  
4 **MISCELLANEOUS**

5 **11.1 Severability of Plan Provisions**

6 In the event that, prior to the Effective Date, any term or provision of this Plan is  
7 held by the Court to be invalid, void, or unenforceable, the Court shall have the power to alter and  
8 interpret such term or provision to make it valid or enforceable to the maximum extent practicable,  
9 consistent with the original purpose of the term or provision held to be invalid, void or  
10 unenforceable, and such term or provision shall then be applicable as altered or interpreted.  
11 Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and  
12 provisions hereof shall remain in full force and effect and shall in no way be affected, impaired,  
13 or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall  
14 constitute a judicial determination and shall provide that each term and provision hereof, as it may  
15 have been altered or interpreted in accordance with the foregoing, is valid and enforceable  
16 pursuant to its terms.

17 **11.2 Governing Law**

18 Except to the extent that the Bankruptcy Code or other federal law is applicable,  
19 the rights, duties, and obligations arising under this Plan shall be governed by, construed, and  
20 enforced in accordance with the laws of the State of California.

21 **11.3 Plan Supplement Documents**

22 All of the Plan Supplement Documents are, by this reference, hereby incorporated  
23 into the Plan. The final version of all Plan Supplement Documents to the Plan and the Disclosure  
24 Statement will be substantially in the forms attached to the Plan Supplement. The Debtor in  
25 Possession reserves the right to make non-substantive or minor changes and corrections to the  
26 Plan Supplement Documents in advance of the hearing to confirm the Plan. If any of the Plan  
27 Supplement Documents are changed or corrected, the replacement documents will be filed with  
28 the Court prior to the Effective Date. No Court approval for the final form of the Plan Supplement

1 Documents is required.

2 **11.4 Exemption from Transfer Taxes**

3 To the maximum extent permitted pursuant to Section 1146(a) of the Bankruptcy  
4 Code, any transfers of property pursuant hereto, including but not limited to transfers and sales  
5 contemplated by the SPE of SPE Designated Entities, shall not be subject to any document  
6 recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real  
7 estate transfer tax, sales or use tax, mortgage recording tax, or other similar tax or governmental  
8 assessment, and upon entry of the Confirmation Order, the appropriate state or local government  
9 officials or agents shall forgo the collection of any such tax or governmental assessment and  
10 accept for filing and recordation any of the foregoing instruments or other documents pursuant to  
11 such transfers of property without the payment of any such tax, recordation fee, or governmental  
12 assessment.

13 **11.5 Implementation**

14 Upon confirmation of the Plan, the Debtor in Possession, and after the Effective  
15 Date, the Reorganized Debtor are authorized to take all steps and execute all documents necessary  
16 to effectuate the provisions contained in the Plan without further Court order.

17 ///

18 ///

19 ///

20 ///

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

1           11.6   **Waiver of Fourteen (14) Day Stay**

2                   The Debtor in Possession requests that the Court include in the Confirmation Order  
3 a waiver from the Court of the fourteen (14) day stay of Bankruptcy Rule 3020(e) and, to the  
4 extent applicable, a waiver of the fourteen (14) day stay of Bankruptcy Rule 6004(h).

5 Dated: June 30, 2021

6 Submitted by:

7                                   FELDERSTEIN FITZGERALD  
8                                   WILLOUGHBY PASCUZZI & RIOS LLP

9                                   By: /s/ Thomas A. Willoughby  
10                                  Thomas A. Willoughby  
11                                  Attorneys for Debtor in Possession

12 Approved by:

13                                  Russell Wayne Lester

14                                  By: /s/ Russell Wayne Lester  
15                                  Russell Wayne Lester  
16                                  Debtor in Possession